

GOVERNMENT CONTRACTS.

DECEMBER 17, 1861.—Ordered to be printed. The further consideration of the said report postponed until Tuesday, December 24, 1861.

DECEMBER 18, 1861.—*Resolved*, That 5,000 extra copies of the report of the committee to investigate contracts, together with the evidence, and 10,000 copies of the report, without the evidence, be printed for the use of the House.

Mr. WASHBURN, from the select committee to inquire into the contracts of the government, made the following

REPORT.

The special committee of the House appointed to inquire into all the facts and circumstances connected with contracts and agreements by or with the government, growing out of its operations in suppressing the rebellion, submitted the following report, in part:

By the action of the present House of Representatives at the extra session of Congress, on the 8th day of July last, and on the 10th day of the same month, a special committee of seven members was appointed for the purposes which are set forth in the resolutions of the House, which will be found embodied in the journal of the committee, and to which reference is made.

Acting under the resolution which authorized the committee to sit during the recess of Congress and at such times and places as might be deemed proper, they commenced the discharge of their duties in the city of New York on the 27th day of August last. They have prosecuted their labors from that time to the present with as much diligence as they were able to bestow. As the subject of their investigations was not limited to any particular section of the country, the committee, in accordance with the authority granted in one of the resolutions, deemed it their duty to take upon themselves the task of visiting various localities in different parts of the country where it was supposed that examinations were necessary. This was done in order to save the government the expense of the attendance of witnesses from long distances, and for the purpose of being enabled in the particular localities to more thoroughly investigate such transactions as seemed to demand their attention. This has resulted in the saving of a large expense to the government. The mileage of the witnesses examined by your committee, had they been brought to Washington, would have amounted to \$36,000. It was deemed proper to pursue the investigations during the recess at other points.

than the capital, leaving the examinations here to be made while Congress was in session. The committee has held its sittings in Washington, New York, Boston, New Bedford, St. Louis, Cairo, Chicago, and Harrisburg, and the members have travelled between six thousand and seven thousand miles. They have examined two hundred and sixty-five witnesses. The testimony embraced in the present report will cover 1,109 pages.

To cover the expenses of this investigation and that of other committees there was appropriated the sum of \$10,000. The expenses of the committee paid thus far, (excepting the pay of the stenographer,) being for the travelling and other expenses of the committee, for the mileage and fees of witnesses, for the mileage and fees of the sergeant-at-arms, for messenger hire, for stationery, rent of rooms, telegraphing, express charges, &c., amount to the sum of \$5,153 38. The amount of \$6,166 48 was paid to your committee, resulting from the investigation of a contract, to which more particular reference is made hereafter, an acknowledgment of the receipt of which by the Secretary of the Treasury will be found in the journal of the committee.

The labors of the committee are far from being closed. A large amount of testimony has been taken which has not been written out by the stenographer, and which will be made the subject of a further report. Only partial testimony has been taken on other subjects, and further testimony on such other subjects will be taken before the committee will report their final conclusions to the House. A large number of transactions at Washington and elsewhere seem to deserve attention, and with the approbation of the House the committee propose to vigorously prosecute their investigations so long as it may appear that they are demanded by the public interest.

The committee desire to bear testimony to the faithful and satisfactory manner in which their stenographer and clerk, Theodore F. Andrews, esq., and the sergeant-at-arms of the House, General Edward Ball, have discharged their respective duties.

STEAMER CATALINE.

Among the first subjects investigated by the committee was the charter of the steamer Cataline. This investigation was made under the express terms of the resolutions raising the committee, the House having by subsequent resolution requested the Secretary of the Treasury to suspend the payment of the amount due by the terms of that charter until the subject could be investigated.

The Cataline was chartered by Colonel D. D. Tompkins, assistant quartermaster general, at New York city, under the following order from General Wool:

"ST. NICHOLAS HOTEL,
 "New York City, April 23, 1861.

"SIR: You will make a contract with Captain Comstock for chartering two light-draught steamers to ply between Havre de Grace and Annapolis. I desire those steamers to be got ready with the least possible delay. If you can, without delaying these steamers, put as many provisions on board for the use of the troops in the south as will not impede their progress.

"Very respectfully, your obedient servant,

"JOHN E. WOOL,
 "Major General.

"Major Grinnell will receipt for the provisions.

"Colonel D. D. TOMPKINS,

"Assistant Quartermaster General, N. Y."

No doubt can be entertained that Colonel Tompkins acted in entire good faith, so far as he was connected with the transaction. He testifies as follows as to the circumstances immediately connected with the charter:

Captain Comstock came to me and presented to me the Kill Von Kull and the Cataline. The first proposition that was made made the government responsible for her loss under all circumstances. That I declined doing. I told Captain Comstock I would not entertain the proposition. Then he came in with a second one, which I did accept. This was soon after the riot at Baltimore, and we were very busy here night and day. I had no time to look into the matter personally. I had confidence in Captain Comstock, and I told him I should depend upon him to say whether it was all right in regard to the value of the boat, &c. He said, "Colonel Tompkins, it is all right." Here is a copy of the contract:

"NEW YORK, April 25, 1861.

"DEAR SIR: I will charter the steamer Cataline to the United States government for a term not less than three months, at ten thousand dollars per month, payable monthly. The boat will be run at owners' expense, and be purchasable at any time during said three months for \$50,000 by the government. All risks usually covered by marine and fire policies to be borne by the owners, all other risks by the government; and in case of loss by any of the latter risks, fifty thousand dollars to be paid for the boat, and all injuries in proportion.

"Yours, truly,

"M. M. FREEMAN.

"Captain Jos. S. TOMPKINS."

Upon that offer I indorsed the following acceptance:

"The within proposition is accepted, time to commence at 12 o'clock m. on the 25th day of April instant, and to terminate at the same hour on the day she may be returned to the owners in New York, with the understanding that all time lost by damage to the boat by the elements, bursting of boilers, breaking of machinery, or collision at sea or in port, to be deducted. It being understood that

the boat is to be kept in perfect running order all the time she is in service of the government. Payment for services to be made upon the certificate of an officer of the army, or the affidavit of the master of the steamer, which must be explicit as to the fact of her having been kept in perfect running order.

“D. D. TOMPKINS,
“*Assistant Quartermaster General.*”

The testimony taken before the committee establishes the following facts: Immediately after the date of General Wool's order, Captain Comstock, in company with Samuel W. Morton, visited the Cataline, then owned by Margaret Corlies, and lying at Brooklyn, New York. Morton made a conditional contract for her purchase, and on the same or the next day informed John E. Develin, a lawyer of New York city, and one of the proprietors of the Astor House Hotel, that he “thought there was a pretty good chance of furnishing a boat to the government, and that something could be made with good management;” and on the 24th of April, the day after the order of General Wool was issued, John E. Develin purchased the vessel for \$18,000; the purchase was made in the name of Charles E. Stetson, jr., the brother-in-law of Develin, and also his partner in the proprietorship of the Astor House Hotel. M. M. Freeman & Co., ship merchants of New York city, furnished the \$18,000 to pay for the vessel, and also the means to provide for her outfit. On the 25th of April the proposition to charter the vessel was drawn up by John E. Develin, at the Astor House, in the presence of Captain Comstock and M. M. Freeman, and left with Captain Comstock; and Colonel Tompkins relying, as he states in his evidence, on the assurance of Captain Comstock “that all was right,” accepted the proposition, and the vessel, partially loaded, left New York for Annapolis on the 29th day of April, after an unsuccessful effort to obtain a clearance to leave the port of New York on the 27th day of that month, and remained in the employment of the government until the 2d day of July last, when she was destroyed by fire, having been in the employment of the government for two months and eight days.

It does not appear that Captain Comstock made any effort to charter the vessel from her original owner, or that any person, except Morton and Develin, and parties acting in concert with them, were informed of the purpose of the government to charter this or any other vessel until after the purchase was made.

Transactions affecting public interests should be more open and direct. It is to be regretted that this transaction is so complicated and obscure. There are apparently three parties who seem to be interested in the charter of the Cataline to the government: John E. Develin, who really made the purchase, Charles E. Stetson, jr., in whose name the purchase was made, and M. M. Freeman & Co., who advanced the money, both for the purchase and outfit of the vessel. The relation of each of these parties to the transaction will be briefly considered. From the testimony it would seem that Mr. Develin had no interest in the purchase of the vessel. He testified as follows:

“ Question. What was the object in taking the boat in the name of a third party?

Answer. I intended the boat for my brother, Charles A. Stetson, jr., and that he should have the benefit of the purchase, as it made no difference with me, and I advanced him the money to buy her for himself and on his own account.

Question. What conversation had you, after the purchase of the boat, with Stetson as to the probability of the government chartering her?

Answer. None.

Question. The purpose, then, for which the purchase had been made had not been disclosed to him up to the time of your interview with Freeman?

Answer. I do not think it had. I might or I might not have disclosed it. We were and are very intimate, as much so as if we had been actually brothers born, and all I have is his if he wants it, and I think he reciprocates this sentiment towards me.

Question. Was he aware that the title was to be taken in his name?

Answer. Yes, sir; for I told him to buy the boat and have her transferred to himself. He bought the boat, and did such things at the custom-house as were necessary to vest the title in him. I do not know the details of that matter.

Question. But he was not aware of the particular purpose you had in view in making the purchase?

Answer. Not that I know of positively, but he may have known.

Question. Although the title was to be taken in his name, was it the understanding that it was to be a joint affair between you?

Answer. There was no understanding about it; and I can only explain what may seem strange about this by the fact of the community of interest in most matters which exists between him and me and the mutual confidence between us.

Charles E. Stetson, jr., seems to have been innocent of any design in the purchase of the vessel, and says in his testimony :

Question. Have you had any connexion with the steamer Cataline?

Answer. Yes, sir.

Question. State to the committee what connexion you had with the purchasing the steamer Cataline, and the chartering her to the government.

Answer. About the 20th of April last my brother-in-law, John E. Develin, came to me and said that the steamer was to be bought, and wanted me to buy it, and he would furnish the money. I went down to the office where the owners were, and the ship was there made over to me in my name. I believe the bill of sale runs to my name alone.

Question. When did Develin first introduce this subject to you?

Answer. The evening before that, I believe, and I went down the next morning at 10 o'clock.

Question. What was the motive upon your part for the purchase? What interest were you to have in the steamer?

Answer. I left that matter to be determined altogether by my brother-in-law.

Question. What was the price paid?

Answer. \$18,000.

Question. By whom was the money furnished?

Answer. Develin gave me a check for \$10,000, which was paid to Corlies at Develin's office. We then went down to an office in Liberty street and closed the bargain, where Freeman furnished the balance of the money.

Question. Had you any interview with Freeman in relation to the purchase?

Answer. No, sir.

Question. Did you know at the time that Freeman advanced the money?

Answer. I did not know anything about it, except that I saw his check, and afterwards I knew that he had advanced the other money.

Examination by Mr. Holman.

Question. Did you give your individual note of \$18,000 for this vessel, or was it indorsed or otherwise secured by other parties?

Answer. I think it was my own note.

Question. What information had you that Develin was proposing to purchase this vessel, either in your own name or that of any other party, prior to the time when he spoke to you?

Answer. None whatever. He came to me in the evening after we had left the office, and called me up to his room and spoke to me about it. I think that was about the 20th or the 21st of April. It was the night before the vessel was finally bought. The vessel was bought the next day and \$10,000 paid.

Question. And was it the next day that the boat was chartered by the government?

Answer. I think it was.

Question. What had you heard Develin say before that time about the government purchasing or chartering the vessel?

Answer. Nothing.

Question. What had you heard Captain Comstock say upon the subject?

Answer. Nothing until after the vessel was bought, and I think not until after it was chartered."

Neither of these parties seem to have had any agency in the actual furnishing of the vessel to the government, for while Develin actually made the contract for the purchase, and Stetson became invested with the title of the vessel, neither of them advanced any money. The \$18,000 was furnished by Freeman & Co., whose connexion with the vessel is stated by M. M. Freeman in his testimony, as follows:

"Question. What is your business?

Answer. I am a shipping merchant, in this city.

Question. Are you in the habit of making advances upon the purchase of vessels?

Answer. Yes, sir.

Question. Who is Mr. Develin?

Answer. A brother-in-law of Mr. Stetson, and a lawyer of this city.

Question. Has he any connexion with the merchant marine service?

Answer. Not that I know of, except as a lawyer.

Question. How much money did you advance upon that contract?

Answer. Eighteen thousand dollars in cash to pay for the boat, and we advanced about \$5,000 more before the boat left the port.

Question. How did you make the advance?

Answer. I made the advance to Develin in cash to pay for the boat; that was the understanding.

Question. By check?

Answer. Yes, sir.

Question. On what bank?

Answer. Upon the Mechanics' Banking Association.

Question. You advanced \$18,000 at one time, and \$5,000 at a subsequent time?

Answer. Yes, sir; but the \$5,000 was for the outfit of the boat; such as necessary furniture, provisions, coal, and other necessary articles.

Question. To whom did you make this last advance?

Answer. To the different parties with whom the bills were made.

Question. What did you have for your security?

Answer. I had the boat, the policy of insurance upon her, the contract with the government, and notes from Mr. Stetson and Mr. Develin.

Question. What were the terms of the advance?

Answer. That I was to have a commission for the doing of the business, the interest upon my money, and an interest of one-tenth in the profits of the contract.

Question. What was the full price to be paid for the steamer by Mr. Stetson?

Answer. \$18,000 as she then was, requiring some outfit, which we put on afterwards."

"Question. What did you know about the boat?

Answer. My knowledge of the boat was derived principally from representations of Mr. Develin, who said she had been examined thoroughly, and reported as cheap at \$18,000. The owner had asked \$20,000 for her. We had the boat examined by the Commercial Insurance Company, to whom we applied to have the boat insured, but they asked so much that we did not have the boat insured by them.

Question. What knowledge had you in reference to the sea-worthiness of the boat?

Answer. I had seen Captain Comstock, who had been ordered to examine her.

Question. Had you ever seen the boat?

Answer. Not before Mr. Develin came to me about her.

Question. Did you see her before you closed the contract?

Answer. I did.

Question. You spoke of applying for an insurance, and stated that the rate was so high that you did not get her insured.

Answer. I did not get her insured at that office.

Question. What rate of insurance did they demand?

Answer. Seven per cent. a month.

Question. Did you get her insured afterwards?

Answer. I did against fire.

Question. At what office?

Answer. In nine different offices in the city of New York.

Question. Have you a memorandum of the offices, and the amount for which the boat was insured?

Answer. I have not here.

Question. Can you get it and present it to the committee?

Answer. I can, and will.

Question. Can you state the rate of insurance you paid?

Answer. I cannot now with sufficient distinctness, but I can give you all the information hereafter.

Question. State whether or not the rate of insurance was so great as to imply that the boat was unworthy.

Answer. That was not the reason given to us at all; on the contrary, they were willing to take the risk. They had no objection to the boat. The reason given to us was the uncertain state of the country, the place she was going to at the time she was chartered, and they were unwilling to take the insurance upon lower terms.

Question. Where is the contract?

Answer. At my office, and I will bring it here with Tompkins's endorsement on it.

Question. Who is Mr. Tompkins?

Answer. He is United States quartermaster at this station.

Question. Did he examine the steamer?

Answer. I do not know; I think the examination was left to Capt. Comstock.

Question. (By Mr. Fenton.) Of whom was this purchase made?

Answer. It was made of Geo. W. Corlies, as agent of Margaret G. Corlies.

Question. (By Mr. Fenton.) You said your security was an assignment of the boat by Stetson to Develin, a policy of insurance upon the boat, and the note of Mr. Stetson. What other parties were there, and what was the contract with them?

Answer. So far as I know there were no other parties. I took the charge and management of the boat on account of Mr. Stetson, in whose name she stood. He put the management of the boat in my hands. That is the usual way this kind of business is done."

M. M. Freeman & Co. held as security for the money they had advanced the insurance of \$20,000 on the vessel, the notes of several other parties, and the contract with the government. The

contract with the government is not remarkable for disinterestedness in promoting the national welfare, yet the government will certainly be satisfied with ordinary *fairness* and *integrity* in contracts made on its behalf, even if a willingness to seize upon the public misfortunes for personal aggrandizement is manifest in the transaction. - While the republic has a right to expect, it cannot compel the unselfish devotion of its citizens.

The provision that the government should pay \$50,000 for a vessel just purchased for \$18,000, in the event of her loss by a peril not covered by the insurance, is totally indefensible. But the main provision of the contract, while undoubtedly exorbitant, is less to be condemned. The government was to pay \$10,000 a month for the vessel, and that, too, for a period of not less than three months. Colonel Tompkins seems to have paid no attention to the time for which the vessel was chartered. The order of General Wool is silent on the subject. The presence of Captain Comstock at the time the proposition was drawn up would justify the inference that the time (a very material feature in the contract) was adjusted between himself and Develin and Freeman, the other parties then present.

There is some conflict in the evidence as to what would be a fair price for the charter of the vessel, and especially as to the cost of running her; the latter inquiry is manifestly the most important in its practical results.

Benjamin F. Woolsey, of Jersey City, an experienced ship chandler, testified as follows :

“Question. Are you sufficiently acquainted with steamers to judge of her value?

Answer. I have built boats, and owned them.

Question. What was the value of that boat when she was chartered in April last?

Answer. I should think she was worth from \$10,000 to \$12,000. She had a pair of boilers upon her guard when new, and she was a boat which would cost, when new, from \$27,000 to \$30,000.

Question. (By Mr. Holman.) She was built in 1844. Does your estimate of the cost of building her apply to that time, or what it would cost to build her now?

Answer. It would not have cost more than that to build her within the last year or two. I do not believe I should have been willing to have given for her within the last two years over \$10,000 or \$12,000. I do not think that at the time of her construction she could have cost over \$27,000 or \$30,000.

Question. What could you have chartered a vessel for at the time this was chartered which would have answered the purpose for which the Cataline was chartered, and could vessels of that kind have been found?

Answer. And the government insure her against loss?

Question. Everything except such as would be covered by insurance, and the owners furnishing everything?

Answer. I think a boat of that capacity could have been chartered for three months—and, indeed, I should have been willing to have furnished such a boat—for from \$150 to \$175 a day. If she was run all the time, and at high speed, it would make considerable difference.

Question. (By Mr. Holman.) From the 20th to the 25th of April last were there a sufficient number of unemployed vessels about the city of New York, so that the government could have engaged vessels on reasonable terms?

Answer. There were a plenty of them, and they could have been chartered in the city of New York, to do the work the Cataline did, for \$125 to \$150 a day, and there would have been no difficulty in engaging such vessels. I think I would have been willing to enter into an arrangement to furnish a vessel to do the work she did, and run the number of miles she did, for \$125 to \$150 a day. Of course I do not know certainly the number of miles she run in a day.

Question. (By Mr. Steele.) How many tons of coal would she consume in an hour?

Answer. She would consume a half a ton an hour, at an ordinary rate of speed.

Question. Will you state what hands she would need, and the price for which they could be obtained, and the other expenses of running the boat?

Answer. 1 captain, (per month).....	\$100
1st mate.....	45
2d mate.....	25
2 pilots.....	100
4 deck hands.....	60
No clerk needed.	
2 cooks.....	30
1 waiter.....	12
2 engineers.....	100
4 firemen.....	100
Coal.....	750
Oil and wood.....	75
Provisions.....	240
Insurance.....	180
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She would not want more than four deck hands, at \$15 a month. I have been in the habit of employing them, and have never paid more than that. A clerk would not be necessary. One waiter would be sufficient. Two dollars and a half a day would be sufficient for wood and oil; but little would be used. Eight dollars a day would feed the hands well. I cannot see that there would be any other expenses."

Isaac O. Phillips, who commanded the Cataline while she was in the employment of the government, testifies on the same point as follows:

“Question. You were employed as captain of the boat by Freeman & Co. ?

Answer. I was, for so much a month; but afterwards he contracted with me to victual, coal, man, and run the boat for so much per month.

Question. What did you contract with them to run the boat for, independent of your wages?

Answer. My whole contract amounted to \$3,100 a month, including my monthly wages.

Question. Was the contract a written one?

Answer. No, sir; it was a verbal one, to victual, man, coal, and run the boat.

Question. What did it cost you to run the boat?

Answer. It cost nearly the whole of the amount I was to receive. I have not yet made up the whole account of my expenses.

Question. When can you get it made up?

Answer. That depends upon the lawyer who has the matter in hand.

Question. Did you have a clerk on board?

Answer. No, sir; I acted as my own clerk.

Question. Can you give the committee some idea of the items of the cost of running the boat?

Answer. Some days it was more than on others. The average daily consumption of coal was about twelve tons, and some days less.

Question. Can you not give us a detailed statement of the actual cost?

Answer. I made up the statement once, and I think it was \$2,800 per month.

Question. Had you any interest in the vessel?

Answer. No, sir. I referred entirely to the owners. I contracted with the owners to run the vessel myself. If I could save anything out of the contract, well and good; and if I could not I would only have my wages. I made a bargain in the first place for \$300 a month for my services. Afterwards they wanted me to come to some understanding as to expenses. The result was that I made a bargain to furnish everything for \$3,100 a month, including my wages.”

M. M. Freeman, in his evidence in reference to the cost of running the vessel, says :

“Question. Have you made an estimate of what it cost you to run the boat per month?

Answer. As well as I can judge, she cost us nearly \$10,000 during the time we owned her. That includes the wear and tear upon the vessel.

Question. How long was she in the service?

Answer. Two months and eight days.

Question. How do you make out that amount?

Answer. We paid Captain Phillips per month \$3,100,	
making for the time about.....	\$7,000 00
For commissions on the purchase, at $2\frac{1}{2}$ per	
cent., say.....	500 00
For commissions on disbursements.....	200 00

For commissions on collecting insurance	\$500 00
For repairs, (estimated)	500 00
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	8,700 00
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The commissions are our charges for doing the business. We get commissions for her purchase, and for all bills we pay for her. You readily see we cannot afford to advance \$23,000 cash for seven per cent., and do all the work and business of the vessel in addition. As ship merchants, it is our business to charge commissions.

Question. What sort of repairs had she?

Answer. I suppose the repairs will amount to \$500 or \$600.

Question. Do you know that, or is it a general estimate?

Answer. It is my general estimate."

Without making a deduction from this conflict of evidence, and for the purpose of avoiding an *ex parte* view of the case, giving full effect to the testimony of Mr. Freeman and his agent, Captain Phillips, the result would be that, after paying Captain Phillips \$7,000 for running the vessel, (which, of course, includes the outfit,) during the time she was in the government service, and \$500 for repairs, and there would remain of the \$10,000, already received by the parties from the government, the sum of \$2,500, on account of interest, insurance, commissions, and profit on capital of \$18,000 to \$20,000 for less than three months, and that not in peril.

The parties place their own estimate on the value of the contract. M. M. Freeman & Co., who are regular ship merchants, and who advanced all the capital used in the venture, are to receive only one-tenth of the profits; while Stetson and Develin, who had only the good fortune to know the pressing wants of the government in advance of others, were to receive nine-tenths of the profits. But good faith on the part of the government is indispensable, and in fulfilling even its implied obligations, and applying the principles of equity to contracts with its citizens, the government of the United States has been of all nations the most liberal. Where a contract has been made in good faith it has been promptly carried out, though the terms may have been extravagant; yet where, at first blush, the amount to be paid for a given service is grossly exorbitant, that fact must be considered in determining whether or not the contract was made in good faith. The people, necessarily acting through agents, have a right to demand integrity on the part of those agents, and common fairness on the part of those who deal with them, and no contract made with the government ought to preclude an investigation into the terms of the contract and the fairness of its stipulations. And the circumstance of great national peril, involving the welfare of the whole people, compelling great haste and improvidence on the part of the agents of the government on the one hand, and furnishing an occasion for grasping mercenary speculation on the other, instead of furnishing an argument in favor of an unconscionable contract, should demand a more rigid scrutiny into its provisions, and when found unreasonably exorbitant the rules of severe equity should be applied. Especially

would this be right where the agent of the government has exhibited, either out of personal friendship or from any other cause, a partiality for the contracting party; or, while acting for such party, possessed with his knowledge the peculiar confidence of the government. And this principle, on the score of public integrity, should apply to contract, whether the amount involved is great or inconsiderable.

Without wishing to question the integrity of Captain Comstock, the committee are compelled to observe that in this instance the agent, through whom the contract was made, possessed the confidence of, and would, indeed, seem to have been acting for, both the government and the contractors. By the order of General Wool, Captain Comstock would seem to be the party with whom the contract was to be made. "You will make a contract with Captain Comstock," is the language of the order to Colonel Tompkins. He was implicitly trusted by Colonel Tompkins, who says: "I had confidence in Captain Comstock, and told him I should depend on him to say whether it was all right in regard to the value of the boat," &c. "I told him I had no time to examine the matter. I told him I relied upon him as to her value, as General Wool told me to take two boats from him. I knew he had been a steamboat captain of long standing, and I relied exclusively on him." On the other hand, Captain Comstock first examined this vessel in the presence of Mr. Morton immediately after the date of the order from General Wool. Mr. Morton calls the attention of Mr. Develin to the fact that such a vessel is needed by the government. Mr. Develin consults Captain Comstock as to the value of the vessel and the price the government would probably pay for her charter. Captain Comstock is present at the Astor House in private interview with Mr. Develin and Mr. Freeman, at the time the proposition to charter the vessel is drawn up, and where the length of service, price per month, and price of the vessel, if lost, are determined upon. The presence of Captain Comstock on such an occasion, and for such a purpose, can only be accounted for by the intimate relation of the parties.

The information on which Mr. Develin acted must have come from some source. Mr. Freeman on this point, referring to the proposition to charter the vessel, says:

"Question. Was the proposition written in the presence of Captain Comstock, and there delivered to him?

Answer. Yes, sir.

Question. By whom was the proposition made as to the length of time this vessel should be chartered, or was that the result of a conference between yourself, Comstock, and Develin?

Answer. The proposition was written by Develin, by my dictation.

Question. What suggestion did Captain Comstock make upon the subject, if any?

Answer. None than I am aware of.

Question. As to the price of \$10,000 a month, who suggested that sum?

Answer. Develin had told me previously that he thought she could be chartered for that sum.

Question. And when the proposition was drawn up, that sum was inserted, as a matter of course?

Answer. It was a proposition we made to the government, as you will see by the terms of the contract.

Question. But the \$10,000 was mentioned in the proposition, as a matter of course, from the previous conversation between yourself and Develin?

Answer. Yes, sir.

Question. Did Captain Comstock make any suggestion upon the subject when that specific sum was named?

Answer. I think not.

Question. Did he suggest it was too high or too low?

Answer. He made no suggestion about it, as I know.

Question. When Develin told you it could be hired to the government for \$10,000 a month, upon what did he tell you he based that opinion?

Answer. I do not remember that he gave me any basis for the opinion.

Question. Did he mention the fact that he had had a conference with Captain Comstock upon that point?

Answer. He may possibly have said he had been in treaty with Captain Comstock for her, and that he could get \$10,000 a month for her.

Question. What is your best recollection as to whether he told you that or not?

Answer. Develin certainly gave me assurances that he could get \$10,000 a month for it.

Question. What is your best recollection as to whether he predicated his opinion upon a conference which he may have had with Captain Comstock?

Answer. I do not know that I can give a statement upon a subject in reference to which I have no definite recollection.

Question. But Captain Comstock's name was mentioned in reference to the particular sum of \$10,000?

Answer. Captain Comstock's name was mentioned in that conversation, and may have been mentioned in the way that Captain Comstock supposed he could get it; but I have no recollection upon the subject.

Question. For what purpose was Captain Comstock present when the proposition was drawn up?

Answer. To receive the proposition."

Taking the whole testimony together, it is impossible to consider Captain Comstock in any other light than the intimate and confidential friend of the contractors, and at the same time trusted, and known to be trusted, by the government; in fact, the agent of both parties, and his acts equally open to the scrutiny of either. It is not a question of integrity on the part of Captain Comstock, but of the obligation of absolute good faith and mutual fairness.

There are some matters connected with the Cataline which the committee have found it impossible to explain, especially in regard

to the cargo with which she was intrusted on leaving the port of New York, and the manner in which her departure from that port was effected. The Cataline is said to have left New York for Annapolis with supplies for the army. She was being loaded with these supplies before she was actually chartered to the government. Neither the quartermaster nor commissary's department at New York, nor the Union Defence Committee, nor George D. Morgan, had anything to do with it. Was the cargo shipped on private account, or for the government? Was she loaded on private account and by some mode the cargo turned over to the government? These questions the committee have not been able to answer. They can only find the following evidence of a shipment on behalf of the government, in Major Eaton's testimony :

“NEW YORK, *May* 3, 1861.

“SIR : Acting under your instructions to me under date of April 21, 1861, I have purchased and shipped the following articles for the government by the conveyances named :

“By steamer Cataline:

25 boxes soap,	600 hams,
6 bbls. dried beef tongues,	12 bbls. white beans,
25 casks Scotch ale,	10 casks London porter,
12 bbls. pickles,	6 bbls. split peas,
200 cheeses,	25 firkins good butter,
35 quintals codfish,	300 boxes selected herring,
210 bbls. hard bread,	18 head beef cattle.

By steamer Roanoke:

75 bbls. army mess pork,	1,365 bbls. pilot bread,
73 bales blankets,	73 bbls. beans,
200 bbls. ground coffee,	183 bbls. yellow sugar,
235 $\frac{1}{2}$ -boxes adamantine candles,	40 sacks Ashton salt,
1,000 bushels potatoes,	48 bbls. super. flour,
20 $\frac{1}{2}$ -chests tea,	32 cases palm leaf hats.

By steamer Chesapeake:

17 cases linen pantaloons,	435 bbls. pork,
37 tierces hams,	111 head beef cattle.

“And I have made some other purchases, of not large amount, a list of which I will forward to you when shipped, and a similar list will be sent to the quartermaster, commissary, and ordnance officers here.

“I have the honor to be, respectfully, your obedient servant,

“A. CUMMINGS,

“*Agent of the War Department.*

“Hon. SIMON CAMERON,

“*Secretary of War, Washington.*”

It is probable that the articles in the above list were shipped by the Cataline. Some of them—the *twenty-five casks of Scotch ale and ten casks of London porter*—look wonderfully like some private speculation; yet Mr. Alexander Cummings, the agent of the Secretary of War, testified as follows:

“Question. Have you any knowledge of the loading of the steamboat “Cataline?”

Answer. Not a particle.

Question. Have you heard anything upon the subject?

Answer. I have heard what almost everybody has heard, but I know nothing of the matter.

Question. If that vessel was loaded at this port for the government, from your knowledge of the transactions which were taking place at the time, by whom would she have been loaded?

Answer. I do not know.”

Whether those articles were landed at Annapolis or not is uncertain.

The manner in which the Cataline left the city of New York is equally difficult to explain. Mr. Barney, the collector of the port of New York, says :

“Question. State all that you know relative to the clearance of the steamer “Cataline.”

Answer. Application was made to me on Saturday morning, the 27th day of April, by Charles A. Stetson, jr., who represented himself to be the purchaser of the steamboat “Cataline,” with the papers in his hands to show the purchase, for a change in the marine papers and the issuing of new marine papers to him as the owner. The papers were issued to him. He also demanded the clearance of that vessel to Annapolis. I had understood previously that such a request would be made of me, and that it was for the purpose of carrying out provisions and stores for the soldiers. I asked him how she was loaded, and to whom the cargo belonged. He said she was loaded with flour and provisions, and that the cargo belonged to several of his friends. I told him I could not clear the vessel, and I refused to clear her. He then said the provisions were for the army. I replied that as the cargo was not government property, but property of individuals, I could not clear her; that I had no request from any government officer to clear her, and must refuse. He inquired what certificate or whose request I should require to give her a clearance. I said the certificate of the chairman of the Union Defence Committee that those stores were forwarded by the request of the committee for the government, or for the supply of the troops, and the request of the chairman of that committee to give her a clearance, would, I thought, be sufficient to entitle her to a clearance. He asked me if such a certificate or request from some other party would not answer, and named several persons whose certificate and request he desired me to receive.

Question. Whom did he name?

Answer. Mr. Weed, Mr. Blatchford, and Mr. Draper. Told him

I should require the official certificate and request of the chairman of that committee. He went out, and soon after returned with a note from Mr. Weed stating that the cargo of this vessel, "Cataline," consisted of provisions and supplies for the troops, and requesting a clearance. I asked where Mr. Weed was, and said I would explain to him why I could not give the clearance. I went with Mr. Stetson, jr., to the Union Defence Committee's room, where I found Mr. Weed. Showed him the note, and explained to him why I could not grant a clearance. He said it was all right; and, taking the note, said it would be arranged in some other way. After some conversation with General Dix, the chairman of the committee, I concluded not to give a clearance unless requested to do so by General Wool, as he was the commanding general of the army of the department of the east. I saw General Wool, and stated what had occurred, and requested him to be careful, and investigate every case before he requested me to give a clearance. Afterwards, and on the same day, Mr. Stetson brought me a written request for a clearance from two other persons. I said nothing would do but a request from General Wool, as I had told him before. He went away, saying he would get that request, but I did not see him afterwards. That was about 2 o'clock p. m. on Saturday. I heard nothing more, as I now recollect, about the "Cataline," until the next Monday morning after 9 o'clock, when I received a note from General Wool, saying that he had revoked the pass which he had given the day before to the "Cataline," and requesting me to detain her.

Question. What do you mean by a pass, such as General Wool would give?

Answer. He would give a pass only to a vessel owned or chartered by the government. All other vessels would require a clearance, unless they went under convoy of government vessels, and then they would have a pass. I sent the surveyor immediately down to stop and detain the "Cataline," but he reported that she had already gone to sea."

But the cargo, clearance, and ultimate loss of the Cataline do not necessarily enter into this investigation, and are only referred to to indicate the obscurity of the entire transaction. The committee, however, base their conclusions on the facts established by the evidence with reference to the charter of the vessel, and in considering the whole evidence they are impelled to the conclusion that the vessel was chartered to the government at an unconscionable and exorbitant price; that Captain Comstock, by whom this was effected, while enjoying *the peculiar confidence of the government*, was acting for, and in concert with, the parties who chartered the vessel to the government, and was in effect their agent—facts unquestionably known to the parties interested in the vessel, and certainly unknown to Colonel Tompkins; and that the sum of \$10,000, already received by M. M. Freeman & Co., was a fair compensation for the use of the vessel while in the employment of the government.

PURCHASING OF VESSELS.

The exigencies of the public service have required the expenditure of a large sum of money in the purchase and fitting out of vessels for the expeditions against the southern coast, and for the other new duties imposed by the rebellion. More than seventy vessels, of different capacities and value, at a first cost of nearly \$3,000,000, before fitting and furnishing them, respectively, for the peculiar service for which each was designed, were purchased by the government, in the single port of New York, in the short space of six or seven weeks.

The dictates of a prudence and sagacity, such as characterize the most ordinary business transactions, would have required the employment, in this most responsible duty, of the best talent and experience of the navy—of men who, by their professional experience, are presumed to know what service is required of such vessels, and what particular ones, in a crowded market, would meet the exigency. Such men would seem to be best fitted for a service of this character, from position and relation to the government itself, as well as from habits of mind, and the training of a whole life. They are so officially connected with the administration of public affairs as to be directly responsible to the most prompt and rigid military inquiry for any want of integrity or efficiency in the discharge of every duty devolved upon them. They have also in their keeping the honor and fame of the navy. Nothing in the past history or present character of that arm of the public service justifies the slightest distrust of its capacity to discharge, promptly and satisfactorily, every duty the times have exacted of it. Any just ground for cherishing such a distrust would peremptorily call for a re-organization of the department, and the injecting into it a new life, equal to the measure of demand which the public has a right to make upon it. The committee are happy to believe that no evidence of such a necessity exists. If, however, the emergency has been so great that the assistance of those having no official connexion with, or responsibility to, the government, became an imperious necessity, the same dictates of prudence, and regard for the economy and efficiency of the service, would have required the department, in such case, to avail itself of the skill and experience of men who have fitted themselves, by service upon the sea, by the building or buying and selling of ships, to know of the character, capacity, and value of the various vessels offered to the government.

The committee regret to find that these plain rules, governing all successful business transactions, have been disregarded, and that the public service has greatly suffered thereby. As early as the middle of May, the government being in want of two or three sailing ships for coaling purposes, and thinking that whaling vessels then out of employment and lying idle at the wharves in New Bedford could be advantageously purchased for that purpose, Commodore Breese, in command of the Brooklyn navy yard, upon the advice and recommendation of a highly patriotic citizen of New York, Mr. William H. Aspinwall, who, as well as the commodore, acted with entire good

faith in the matter, sent a New York broker, W. H. Starbuck, to New Bedford to purchase for the government two whale ships for the purpose indicated. He was furnished with funds by Mr. Aspinwall to the amount of \$15,000, and instructed not to exceed that sum in the price paid for both ships. He proceeded to New Bedford and purchased, of Mr. George F. Barker, the ship "Roman" for \$4,000. Mr. Barker testifies—see his testimony, page 345—that he sold Mr. Starbuck the "Roman," at his own tea-table, in New Bedford, for \$4,000 cash, never having seen or known any other person in the transaction. The next morning Mr. Barker wrote a bill of sale of the vessel to Mr. Starbuck, who requested him to insert, instead of his own name, that of a friend, Mr. Henry J. Thomas, who then, for the first time, appeared in connexion with the "Roman." This was done, and the name of Mr. Thomas thus appeared as that of purchaser, and his checks were given for the pay. The ship "William Badger"—see testimony of George B. Richmond, page 343—was purchased for \$2,500, in a similar manner, by Starbuck, in the presence of Thomas, who accompanied him in this instance; but the bill of sale was made out to Thomas, at the request of Starbuck, and Thomas gave his checks for the amount. From the testimony of the cashier of the bank on which these checks were drawn—Mr. E. Williams Hervey, see page 349—it appears that Starbuck placed to the credit of Thomas, in the same bank, sums corresponding to the checks thus drawn by Thomas in payment for the vessels, on the same day the checks were drawn; indeed, Thomas himself reluctantly confesses before the committee—see his testimony, pages 351–361—that Starbuck paid all the money for these ships, and that he had himself no interest in them. His language was, "I got all my money; I am neither out nor in in the business." He immediately transferred the ships in blank; yet, both Thomas and Starbuck made affidavit, at the Navy Department, that Thomas "sold to Starbuck the ship 'Roman' for \$7,400, and the ship 'William Badger' for \$7,150, and that Thomas was the *bona fide* owner of said ships." These remarkable affidavits are as follows:

"I certify that on the eighteenth day of May, 1861, that I sold W. H. Starbuck, of the firm of Tappan & Starbuck, the ship "Roman," for the sum of seven thousand four hundred dollars, and the ship "Wm. Badger," for the sum of seven thousand one hundred and fifty dollars, and I was the *bona fide* owner of both the said ships, having purchased them dismantled and fitted them up with rigging, sails, boats, &c., with my own money.

The above sums were paid to me in conformity with receipts given at the time, gave him an agreement to allow him a commission of seven and one-half per cent. on the amount of the sale of the ships; and to pay all the expenses of fitting the ships here and getting them to New York.

I further certify that the said W. H. Starbuck acted only as a broker for the sale of said ships, and had no interest whatever in the business beyond the commissions.

HENRY F. THOMAS."

"COMMONWEALTH OF MASSACHUSETTS, *Bristol, ss*

CITY OF NEW BEDFORD,

July 22, 1861.

Subscribed and sworn to before me.

WM. W. CRAPO,
Notary Public."

"This is to certify that under authority from Commodore Breese to purchase two or three whaling vessels, intended for coal hulks, I went expressly on that business, and examined several, rejected the first selection as being unsound on being bored.

I purchased of Henry F. Thomas the "William Badger," for the sum of seven thousand one hundred and fifty dollars, and the "Roman," for the sum of seven thousand four hundred dollars; had no interest, direct or indirect, in the vessels, and have derived no benefit, direct or indirect, on the transaction beyond the usual commission of five per cent. on the sale to cover my expenses and trouble, in addition to which a commission of two and one-half per cent. was paid for advancing the money, as the owner demanded cash on delivery of bills of sale.

I had the above ships thoroughly examined and bored by W. L. Edwards, well known in New Bedford as a competent master carpenter.

W. H. STARBUCK.

Subscribed and sworn to, before me, this 23d day of July, 1861.

ANDREW R. CULVER,
Notary Public."

Upon these affidavits the government paid Starbuck \$14,500 for these two ships, for which, while acting as the government agent, he paid only \$6,500. He was paid in addition five per cent. commission upon \$14,500 for his own services, and the additional commission of two and one-half per cent. upon the same sum for advancing the money. The committee would ask a comparison of these affidavits with the testimony before referred to, found on pages 341 to 361—and especially with that of Thomas himself, page 354—and confidently invoke the condemnation of the House upon the whole transaction.

It is proper to state that, after this testimony was taken by the committee, it was by them laid before the United States district attorney in New York, and such steps were taken as resulted in the refunding by Starbuck to the government of \$6,166 of the money thus obtained. The ships themselves were found, when delivered at the Brooklyn navy yard, totally unfit for the service for which they

were procured, and the government was again subjected to a further expense of several thousand dollars in repairs, and a delay of several weeks in their use.

On the 8th of May last the purchasing of vessels for the Navy Department, at the port of New York, was taken from Commodore Breese, the commandant of the Brooklyn navy yard, and shortly after transferred to Mr. George D. Morgan, of New York, under an arrangement between him and the Secretary of the Navy of a most singular and extraordinary character, and one the committee feel called upon to pronounce most reprehensible in its nature and demoralizing to the public service.

Mr. Morgan had never had the slightest experience in the new and responsible duties which he was called upon to discharge, either in the naval service, the building or buying and selling of ships, or in any pursuit calling for a knowledge of their construction, capacity, or value, never having spent an hour in either. The department itself seemed to have so little confidence in the ability of Mr. Morgan to judge of the quality and fitness of the articles he was constituted sole agent to buy, that it expressly enjoined upon him to rely in these particulars upon the judgment of three gentlemen of position in the navy, who were detailed for the special service of protecting the government from mistakes in this regard by the new agent thus constituted. For everything which entered into the fitness or propriety of the purchase, the department fell back upon itself.

The evidence was abundant before the committee that if it had been necessary to obtain the services of any gentleman outside of the navy itself, those gentlemen combining from experience and education the knowledge most calculated to fit them for this duty, independent of outside aid, could have been secured, without the slightest difficulty, for a salary not exceeding \$5,000 for the year. An intelligent ship-builder, B. F. Woolsey, page 288, testified as follows :

“Question. Do you know what Mr. Morgan’s business has been heretofore?

Answer. I do not.

Question. Do you know whether, up to that time, he had had any experience as a ship broker?

Answer. I never heard that he had any experience.

Question. Would a person in the wholesale grocery business be likely to be a fit person to purchase ships?

Answer. I should think not.

Question. Does it require experience in the management, or in the building, or in the furnishing of vessels, to fit a man to be a good purchaser of vessels?

Answer: I think it does. I think a person who wished to purchase a vessel for himself, and for a certain purpose, would give the vessel a different examination from what Mr. Morgan could be expected to give vessels. I think he would fail to look at many points of a vessel which other persons, under different circumstances, would

look at. If I were to examine a vessel with a view to purchase for myself I should examine, perhaps, what he would not examine. I would examine the spars and rigging, as well as other things. I do not know but Mr. Morgan posts himself up through others.

Question. What experience is necessary to qualify a man to be a proper person to intrust with the purchasing of vessels for the government?

Answer. I should think one who is familiar with the building of vessels, and with the value of the materials entering into their construction, would be the best person to intrust with the purchasing of vessels. I do not know, if Mr. Morgan had a suitable person to rely upon, but that he would be as good a man as any one.

Question. Without experience, and relying upon his own judgment, would he be a safe person to intrust with that business?

Answer. If I wanted to purchase a vessel I would hardly like to rely upon his judgment.

Question. Could a person be safely intrusted with that business without the experience to which you have referred?

Answer. I should think not.

Question. Must not a person, in order to be a safe agent, either be himself qualified in that respect or procure persons who are qualified to aid him?

Answer. Yes, sir; I think, judging from what I have seen, if Mr. Morgan had persons of experience to report the facts to him, he would be a good person to buy vessels, as he makes a good bargain.

Question. Could the services of persons in New York, qualified by such experience, have been obtained by the government?

Answer. Yes, sir.

Question. Could they have been obtained upon a liberal salary?

Answer. Yes, sir.

Question. What would have been a liberal salary to a person qualified by such experience to perform those duties?

Answer. I think competent men could have been obtained for \$2,500 a year.

Question. And at the same rate for a shorter period?

Answer. Yes, sir; at that time.

Question. Would there have been any difficulty in the government availing itself of the best talent and experience for that duty at a salary of \$2,500 a year?

Answer. I think not. Perhaps ship-builders in New York would not think of entertaining such a proposition for less than \$5,000 a year, but I could get persons equally as competent as they are at \$2,500 a year.

Question. Is there any necessity for the government paying anybody more than \$5,000 a year for performing the duties which Mr. Morgan performs?

Answer. No, sir.

Question. Was it difficult to obtain any such competent person in this city? [New York.]

Answer. No, sir. I do not consider it difficult to obtain a person

of that kind in this city at any time. I think the best services could be commanded for \$5,000 a year, and perhaps you could get as competent men for \$2,500.

Question. Would there have been any difficulty in obtaining a man with all the qualifications of Mr. Morgan, and superadded thereto all the experience necessary to qualify him for those particular duties, for \$5,000 a year?

Answer. I think not."

Yet the whole duty of purchasing vessels for the navy at the port of New York was taken from Commodore Breese, commandant at the Brooklyn navy yard, and the other officers of the navy, and intrusted to Mr. Morgan.

Although the committee have occasion, at this time, more particularly to call attention to the remarkable arrangement which existed between the Secretary of the Navy and Mr. Morgan, as to the compensation he was to receive for his services, they desire to notice, in passing, a single instance of deception practiced upon Mr. Morgan in the sale to him of a new vessel, the "Stars and Stripes," which had been afloat less than two months. This vessel cost its owners but \$35,600 to build her, had earned, under a charter to the United States, in that two months, \$15,000 net, and was then sold to Mr. Morgan for \$55,000, making a clear profit to her owners of \$34,400. This was done by making Mr. Morgan believe that it cost \$60,000 to build her. It is difficult to see how such a deception could have been practiced upon a man of the acknowledged business capacity and shrewdness of Mr. Morgan, except that he had been called to a service in which he had had no experience and was ignorant, from any personal knowledge, of the cost of the article he was sent out to purchase.

The committee quote from the testimony not only to show how easy it is to practice, even upon men otherwise shrewd, when dealing in matters of which they have no personal knowledge, but also to expose the shameful manner in which the character of members of Congress and other officials is traded upon. Mr. Benedict, one of the owners of the "Stars and Stripes," testifies as follows, (p. 333:)

"Question. Do you know anything about the steamer *Stars and Stripes*?

Answer. Yes, sir; I was a stockholder and director in the company that owned her.

Question. What has become of her?

Answer. She was sold to the United States government.

Question. For how much?

Answer. \$55,000.

Question. Through whom was the purchase made?

Answer. I cannot tell; the business was done by the president of the company, C. S. Bushnell. He was the president of the New Haven Propeller Company, which owned the *Stars and Stripes*.

Question. When was the sale made?

Answer. I cannot tell exactly. I think it must have been about

the last of July. The reason I think so is that the treasury notes in which we received our pay were dated the 6th of August.

Question. Had the *Stars and Stripes* been previously chartered to the government?

Answer. Yes, sir.

Question. For how much?

Answer. At \$10,000 for thirty days; and it was optional for the government to keep her or not at \$9,000 a month after the expiration of that time.

Question. What was the original cost of that boat?

Answer. About \$35,000.

Question. And how much was she sold for?

Answer. \$55,000. We considered that we built her cheap. She was a very excellent vessel.

Question. Who were the parties that made the negotiation with the president of your company?

Answer. To tell the plain truth the company knew little about it. The president always declined to tell us much about it.

Question. Did he account to the company for that amount?

Answer. No, sir. He attempted to charge \$10,000 for selling the boat. The directors had several meetings in regard to it, and refused to allow the charge. Finally, all the stockholders were called together, and they allowed him \$8,000.

Question. Do you know whether all this amount of \$8,000 went to Mr. Bushnell himself, or to him and some other persons?

Answer. I do not know; he never would tell us. He declined to let us know anything about it.

Question. What idea had the directors in relation to the transaction?

Answer. The directors thought, at least, that it was a pretty heavy share.

* * * * *

Question. He intimated that he had to pay large sums in Washington to effect the sale?

Answer. He said distinctly that he did not himself get a copper of the \$8,000. We did not like to believe it, but he asserted it over and over again. He said that his relations to the persons to whom he was obliged to pay this money were such that he could not and would not reveal their names. He finally so far succeeded in satisfying the stockholders that they agreed to pay him the \$8,000.

Question. After paying him that sum, your company received the \$47,000 for the boat?

Answer. Yes, sir.

Question. With which the stockholders were very well satisfied?

Answer. Yes, sir.

Question. They would have been satisfied to have got \$35,000?

Answer. I think they would.

Question. Do you think that vessel was worth, these times, more than thirty-five or thirty-six thousand dollars?

Answer. I should think she was worth more than that. I think we built the vessel remarkably cheap.

Question. How old was she ?

Answer. She was upon the stocks when she was chartered. We worked for the government about six weeks under the charter, and were to receive \$10,000 for the first month, and \$9,000 for the second, but we received only \$9,300 for the first month.

* * * * *

Question. What assistance did he represent that he was obliged to get ?

Answer. He stated to us that it was impossible to approach the heads of department at Washington without letters of introduction, and that it was necessary to get men of influence to approach them.

Question. Did he represent that he was obliged to pay for letters of introduction ?

Answer. He said he was obliged to pay persons in Washington for their influence ?

Question. More than one person ?

Answer. He spoke of persons.

Question. Did he speak of having to pay for the influence of persons residing in Washington ?

Answer. No, sir ; he spoke as if they were members of Congress, or ex-members, or something of that kind, whom he paid for their influence. I will not say positively whether he spoke of ex-members.

Question. And he stated that he was obliged to pay out this entire \$8,000 ?

Answer. Yes, sir ; at least he stated that this two and a half per cent. to Morgan was to be taken out of it.

Question. But beyond that he gave you no information to whom it was paid ?

Answer. None whatever.

Question. Upon what ground, then, did the stockholders, after he refused to give them that information, vote to allow him \$8,000 ?

Answer. He told them a long story about the matter. He satisfied them that he could not approach the government directly ; that it was necessary to have assistance, and that in all probability he had spent this money.

Question. If it was necessary to have help, how was it dishonorable to disclose the names of the persons he was obliged to pay for their assistance ?

Answer. Because his relations to those gentlemen were such that he could not do it.

Question. Was it a secret influence that they were to exercise ?

Answer. I do not know what kind of influence was exercised.

Question. Was it an agency which they were carrying on at Washington among themselves ?

Answer. I do not know whether it was or not.

Question. Did he represent that it was an influence brought to bear upon the Secretary of the Navy ?

Answer. I think it was his intention to represent that.

Question. Did he represent that that influence was brought to bear from Hartford upon the Secretary of the Navy ?

Answer. No, sir ; he did not.

Question. Do you mean to say that he gave you no clue as to the kind of influence which was brought to bear?

Answer. He represented to the company that sometimes—not in our case—certain members of Congress were in the habit of saying to the department, “My constituents have a boat or something to sell, and I insist that you shall purchase that boat,” &c.

Question. And that that assistance it was necessary to pay for?

Answer. Yes, sir.

Question. Did he represent that the assistance which he was obliged to pay for was of that character?

Answer. Yes, sir.

Question. For procuring the assistance of members of Congress in behalf of their own constituents?

Answer. Yes, sir.”

When Mr. Bushnell himself was called before the committee and put under oath, he told a story not less remarkable than that upon which he obtained \$8,000 out of the company whose agent he was, but also totally at variance with it.

The committee quote so much of the testimony of Bushnell as relates to the deception practiced by him upon Mr. Morgan, and also that portion wherein he was compelled to acquit the men upon whose reputation he had traded with his employers, (page 673 :)

“Question. Did you tell Mr. Morgan how much the vessel cost?

Answer. I did not. I told him that she would cost them \$60,000. He might have understood me to say that she had cost \$60,000. I told him she would cost that now.

Question. What did you mean?

Answer. Before I made the final trade I took the trouble to see how much she could be built for, and the lowest estimate was \$60,000.

Question. Then, when you told him that she would cost \$60,000, you did not mean to say that was what she actually cost, but only that he could not get as good a vessel for less than \$60,000.

Answer. That was all. I meant that she was as good a vessel as he could get built for \$60,000.

Question. His inquiry of you as to what she cost was not an inquiry of your opinion as to what she could be replaced for?

Answer. I guess he asked me what she had cost.

Question. And you responded by telling him what she would cost.

Answer. That is it.

Question. How did you mean to have him understand it?

Answer. I meant to have him understand that she would cost \$60,000.

Question. When he asked what she did cost, did you understand that he asked what would be the cost of another vessel like her?

Answer. I cannot say.

Question. Did you really then deceive him?

Answer. Not intentionally. I did not think that what she had cost was any of his business.

Question. When he asked what the vessel had cost, why did you

not answer him by telling him what she cost, or by telling him it was none of his business?

Answer. I did not think of it. I gave him the first answer which came into my mind.

Question. I submit to you whether that was a direct answer to his question?

Answer. I cannot for the life of me see anything wrong in the answer.

Question. That is not an answer to my question. I ask you if that is a direct answer to my question?

Answer. It was the answer I gave him, but I cannot say that I think it was a direct answer.

Question. Do you think it left a correct impression upon his mind?

Answer. I do not know whether it left a correct impression, but I think it left a proper impression.

Question. If it left the impression that the vessel cost \$60,000, was it a correct impression?

Answer. I did not intend to give him any such idea. I told him I could not afford to sell the vessel for less than \$55,000.

Question. When you found him trying to ascertain what the vessel cost, what was you trying to say to him?

Answer. I was trying to give him an impression of what she was worth.

Question. Then you were not trying to give him an answer to his question?

Answer. I declare I do not know how to answer that question. I was trying to give him a correct idea of the value of the vessel. I built her when labor and materials were little more than half their present value.

Question. Was the shipping business as good last summer as it is this summer?

Answer. Yes, sir; much better; but I built her after South Carolina had raised the devil, and when the ship-builders all along our road left their ship frames up unfinished.

Question. But that would not affect the answer to the question as to what she cost.

Answer. I cannot see anything wrong in the answer.

Question. Suppose you answer my question, which is, do you think that was a correct answer to his question?

Answer. I cannot see anything wrong in the answer.

Question. I do not ask you about the morality of the thing, I am only inquiring as to a question of fact. Did you give him a correct answer to his question?

Answer. Yes, sir; I should say I did.

Question. Then, when he asked you what the vessel cost, you think you answered correctly by saying that she would cost \$60,000?

Answer. I answered him according to Yankee phrase, that is, by telling him what she would cost.

Question. Then your answer to my question is that you answered him according to Yankee phrase.

Answer. I answered him according to Yankee phrase.

Question. I put the question to you so that you may have an opportunity to answer it. When Mr. Morgan asked you what the vessel cost did you answer him correctly?

Answer. I should say I did not give him an answer to that question.

Question. The next question is, why did you not give him an answer?

Answer. Because I thought that was my business and not his.

Question. Were you disposed to tell him the entire truth about the matter?

Answer. Yes, sir-ee.

Question. Was it not the truth about the matter that she cost in the neighborhood of \$40,000 instead of \$60,000?

Answer. Yes, sir.

Question. Did you tell him that fact?

Answer. I should have told him if he had insisted on it.

Question. Did you?

Answer. I do not think anything more was said.

Question. Do you not suppose he would have insisted upon it if he had not supposed he had already got an answer when you said she would cost \$60,000; and do you not suppose he understood that he was buying for \$55,000 a vessel which cost \$60,000?

Answer. I do not know; I remember I said to him that she was entirely new, and that she was seven feet wider than the twenty-three gunboats which were being built; that she was larger than the gunboats every way, and that I would sell her with boilers and machinery complete for what the hull of a gunboat cost.

Question. Then, if Mr. Morgan thought you told him that she cost \$60,000, he is laboring under a mistake?

Answer. Yes, sir.

* * * * *

Question. Did you sell that vessel to the government?

Answer. Yes, sir.

Question. At what price?

Answer. At \$55,000.

Question. Where did you effect the sale?

Answer. I offered her in Washington directly to the Secretary of the Navy, and a few days after my last offer to the Secretary of the Navy, Mr. George D. Morgan bought her of me on behalf of the government.

Question. Where were you when he effected the trade?

Answer. At Mr. Morgan's office.

Question. Where was the ship at the time?

Answer. She was at Washington or on her way home.

Question. What personal examination did Mr. Morgan make of her?

Answer. He went on board of her with Constructor Pook when she arrived here.

Question. Before the trade was closed?

Answer. The negotiation was commenced two or three days after.

Question. Did you go to Washington more than once upon that business?

Answer. Yes, sir; half a dozen times upon that trade and others.

Question. Were you there more than once upon that trade?

Answer. I cannot say that I really went once upon that trade alone.

Question. How many times did you come to New York upon that business?

Answer. I do not remember to have come more than two or three times.

Question. Did anybody go with you to Washington to help you?

Answer. Nobody.

Question. Did no one help you when you got there?

Answer. No, sir; not that I know of. I had no help.

Question. Did you have any aid here?

Answer. No, sir.

Question. The trade was the result entirely of your own efforts.

Answer. It was.

Question. Exclusively so?

Answer. So far as I know.

Question. You had no aid of anybody else, did you?

Answer. Not that I know of. I do not know that I can say that I had no aid at all, for I do not know but I had considerable, because I told half a dozen men in Washington that I wanted to sell the vessel.

Question. You employed nobody.

Answer. I did not.

Question. Did you pay anybody anything?

Answer. Not a dollar.

Question. Did you pay Mr. Morgan anything?

Answer. I paid him a commission.

Question. How much?

Answer. Two and a half per cent.—the regular ship brokerage.

Question. Was that all you paid out toward effecting the sale of the vessel?

Answer. Everything, except my personal expenses.

Question. Is what you paid Mr. Morgan, and your expenses here and there, all you paid?

Answer. That is all.

Question. And what you received, after deducting these sums, is net to the company or yourself?

Answer. Yes, sir.

Question. The remainder was the net proceeds of the ship?

Answer. Yes, sir.

Question. You had nobody's aid in selling the vessel?

Answer. I would not say I did not.

Question. I mean aid, for which you paid?

Answer. None whatever.

Question. Did you not tell the company that you had to pay money to obtain influence to sell the ship?

Answer. I told them it cost a great deal of money to go to and from Washington.

Question. I ask you if you did not tell them that you spent a great deal of money to obtain the influence of political men to aid you in selling the vessel?

Answer. I do not recollect of saying any such thing.

Question. Did you say anything that would lead to that inference?

Answer. Not that I recollect.

Question. Did you not tell them that you had to pay sums of money for aid to procure the sale of the steamer?

Answer. I told them it cost sums of money.

Question. Did you not tell them what I have said?

Answer. No, sir.

Question. Did you tell them that there were men in Washington who made it their business to do such things, and that you could not get along without paying them?

Answer. I might and I might not; I have frequently said that.

Question. Did you not tell them that, as an explanation of the reason why you charged them \$8,000?

Answer. I do not recollect of telling them any such thing as that?

Question. Did you not tell them that there were ex-members of Congress who were in the habit of charging for their influence, and that you were obliged to pay them?

Answer. I remember that a remark of that kind was made when the matter was under discussion.

Question. What was the remark that did come up?

Answer. I think I made the remark that a Massachusetts ex-representative was in the habit of assisting his constituents and charging them a fair commission. I did not have an introduction to him.

Question. What occasion had you to make that remark in connexion with the sum you charged?

Answer. Because some of them thought I charged too much.

Question. And as an explanation of that you made the remark?

Answer. Yes, sir.

Question. What occasion had you to make an explanation if you had not paid a cent?

Answer. I claimed to step into the position of an ex-member and effect the sale.

Question. Was that the way you intended to be understood by those men—that you were charging for your great influence?

Answer. Yes, sir, and for my efforts.

Question. Like the distinguished ex-member of Congress from Massachusetts?

Answer. That is exactly it.

Question. Did you speak of a distinguished ex-member of Congress from Ohio who was in the habit of doing that thing?

Answer. I did not know of any such.

Question. You simply illustrated the manner of your charging by alluding to the fact that there was a distinguished ex-member from Massachusetts who charged a commission for his services?

Answer. Yes, sir."

But it is to the arrangement between the Secretary of the Navy and Mr. Morgan, under which the compensation of this agent for the services thus rendered, the committee desire especially to call attention in this connexion, as of a character, whether it be in the stipulated amount received or in the mode of payment, alike indefensible and reprehensible. That arrangement is a system of commissions, usually two and a half per cent. of the purchase money paid for each vessel, and one under which Mr. Morgan received, as compensation, during the period of seven weeks previous to the 6th day of September, when this testimony was taken, the enormous sum of \$51,584, as admitted by himself before the committee. When this testimony was taken, information of its extraordinary character and import was communicated to the department, in the hope that an abuse so glaring, when pointed out, might be corrected. Yet, notwithstanding the department became thus possessed of the information that its own agent was, by this system of commissions, amassing a private fortune, the committee have been surprised to learn from a recent communication from the Navy Department, furnishing them with the number and prices of vessels purchased by Mr. Morgan for the government since said 6th day of September, that the cost of those thus purchased by him amounts, in the aggregate, to the sum of \$1,736,992. If he has received the same rate of compensation since as before that date, there must be added to the sum of \$51,584, paid him before that date, the further compensation of \$43,424 for services rendered since, making in all the sum of \$95,008, paid to a single individual for his services as agent of the government since the 15th day of July, a period of four and one-half months.

Mr. Morgan insisted in his testimony and seemed to believe that this large compensation was received by him not from the government, but from those who sold their ships to the government, and was therefore justifiable. But the committee can admit neither the premises of Mr. Morgan nor the conclusion he draws from them. In point of fact this large compensation was paid, in the end, out of the Treasury of the United States; but if it had been paid by those who dealt with the government, it would have been equally indefensible. No department of this government has the right to place its agents in a position, or clothe them with the power, under pretence of compensation for services rendered the government itself, to take from the pockets of patriotic citizens coming forward with their means to the support of the government in the day of its trial, such a sum of money as is here found to have been diverted into the pocket of Mr. Morgan. No citizen can justify any such attempt to convert the public necessities into an occasion for making private fortunes. If it be true that this agent of the government is paid by those who deal with it, the committee are at a loss to understand upon what principle prevailing in business or morals the agent of one party is thus put in pay of the other party. It is worse than an absurdity; it is directly demoralizing and injurious to the public service.

But the pretence that this large amount of money in the form of

compensation for services rendered the government, twice as great for two months as the President's salary for a year, and as much for five months as the entire salary for a presidential term, was taken out of those who dealt with the government, and not out of the party for whom the services were rendered, so persistently urged in justification, has no foundation in fact. It is but so much added to the cost of the ships purchased, and has been paid out of the Treasury of the United States. It has been distributed in the form of a small commission over millions of dollars, and in some instances was scarcely perceptible ; but its presence was no less real, and its aggregation no less enormous. In form of words, as stated by Mr. Morgan in his testimony, the arrangement was this : He was employed by the Secretary of the Navy to perform this service, with the express stipulation that he was to receive no fixed salary to be paid him by the government for the services he was to render it, but he was to charge a commission of two and a half per cent. on all his purchases—the usual New York brokerage. He was beforehand to inform and did inform every one with whom he dealt of this arrangement, and that his commission must be deducted from the amount paid for the ship, or, as Mr. Morgan preferred to state it, must be paid by them after the government had paid for the ship. In this way every one was notified before he fixed his price, that out of that price a given sum was to be deducted to pay the agent of the buyer ; that is, to the sum he was actually to receive for his ship, he must add the sum he is to pay the agent of the purchaser for buying it. It follows of necessity that in bringing his mind to the lowest sum, he is willing to accept as an equivalent for his ship, he must *add* that which he is to pay back to the agent of the buyer, else he doesn't get that equivalent. No amount of subtle reasoning, by which it is attempted to sustain this anomalous arrangement, can do away with this practical result. If testimony were needed on this point it may be found in that given before the committee by many of those with whom Mr. Morgan dealt, though with some of them, in their anxiety to make sale of their vessels, a small commission seemed of little or no account. The compensation paid to Mr. Morgan for the purchase of a single vessel, a negotiation of a few hours or days at most, sometimes amounted to more than \$5,000. There was no seller, when asked the question, who failed to say that he would as soon have sold his ship to the government for \$5,000 less, without commission, as to have sold it for the price agreed upon and then paid that sum to Mr. Morgan. Mr. Woolsey, who sold him ships, testifies as follows, page 292 :

“Question. Who, in fact, pays the brokerage, by the mode which Mr. Morgan has adopted? Does not the seller, in selling, take into consideration the amount he has to expend in selling the vessel?

Answer. Yes, sir ; I suppose he does in a measure.

Question. Is not informing you beforehand that you would have to deduct two and a half per cent. commissions from the purchase money equivalent to informing you beforehand that you must add two and a half per cent. to your price?

Answer. That must be the effect of it.

Question. Then is not the government, in fact, paying two and a half per cent. more for these vessels than they would pay if they had employed a man at a fixed salary?

Answer. It appears so to me. I think I would have been just as willing to have sold my vessel to the government for two and a half per cent. less as I would to have sold it for what I did and pay two and a half per cent. to Mr. Morgan.

Question. Is the transaction, in point of fact, anything less than the government paying Mr. Morgan two a half per cent. upon the purchase price of each one of those vessels?

Answer. I consider that it is just that.

Question. When this information is given to the ship seller beforehand is it not the inevitable effect to put two and a half per cent. more upon the price of the vessel than would be put upon it if that percentage was not to be paid to Morgan?

Answer. I think such is the effect upon the seller."

Indeed Mr. Morgan himself admits this to be the effect upon the seller when he states that, in very close cases, where he was trying to get a vessel as cheap as possible, he would, as an inducement to the seller, offer, in some instances, to give up his own commission in whole or in part. On pages 274-5 he thus unconsciously refutes the very argument upon which this strange arrangement has been made for the pay of a government agent.

In one or two of my cases it, (the commission,) has been waived altogether.

"Question. What do you mean by that?

Answer. I mean to say that in some cases of the purchase of vessels by me, where the owner has asked what I thought to be a large price, and where the negotiation was a close one, I have, for the purpose of buying the vessel cheap, given up my commission to him.

Question. Did your rule vary, and did you sometimes buy for larger commissions than at other times?

Answer. No, sir; but some persons are harder to buy of than others.

Question. Did the commissions vary in the purchase of different vessels at the same price?

Answer. The usual ship commission is two and a half per cent., which is always paid by the seller. In the case of certain vessels which I was instructed to purchase, the price asked for which I considered to be very dear, I have been able to get off a very considerable deduction by agreeing myself to make up a part of it.

Question. That is, you saved the government the amount of your commissions.

Answer. Yes, sir; and more than that."

Mr. Morgan had no responsibility for the disbursement of a single dollar on account of these purchases, for the parties and their papers were all referred to the department at Washington for examination,

ratification, and payment, the moment the price had been fixed. He executed no bond, and could claim compensation for no unusual responsibility or liability.

It is no answer that, notwithstanding this exorbitant compensation, amounting in itself to a fortune, was paid to him, nevertheless his skill and sagacity have saved the government large sums in buying at very low prices. The department would have been entitled to the full benefit of all that skill and sagacity had he been employed, like other government officers, at a fair fixed salary. Such, as the testimony shows, would have commanded the best talent of the city of New York. A compensation at the rate of \$300,000 a year was not necessary to secure fidelity. Besides, if the method of payment by commissions had any effect upon the agent, it is apparent that the higher the price paid for ships the greater the compensation. That system of payment to an agent, which makes his interest identical with that of the seller, and antagonistic with that of the government itself, whose agent he is, and which says in effect to him "pay \$10,000 more than a ship is worth and \$250 shall be the reward of your infidelity," has no foundation in either common sense or common prudence. It is not believed that Mr. Morgan ever yielded to this temptation to which the vicious principle regulating his compensation exposed him. It is this principle, and the enormous private fortune it was adapted to secure out of a great public necessity, which the committee feel called upon to condemn in the strongest terms—an arrangement entered into between the Secretary of the Navy and Mr. Morgan, by which the enormous sum of more than \$95,000 has been, by this indirection, taken from the treasury of the United States, and given as compensation to a single individual for services, which, however faithfully rendered, could have been secured for an amount insignificant in comparison with the sum actually taken.

The committee do not find in this transaction the less to censure in the fact that this arrangement between the Secretary of the Navy and Mr. Morgan was one between brothers-in-law, a family arrangement which, in the opinion of the committee, reflects great discredit upon the public service.

THE PURCHASE OF ARMS.

The extraordinary demand for arms, resulting from the conspiracy to overthrow the Union, has resulted in extraordinary expenditures, and exciting the cupidity of large numbers of persons both in Europe and America, has opened up a system of unprecedented speculation. The government has been the victim of more than one conspiracy, and remarkable combinations have been formed to rob the treasury. The profits from the sale of arms to the government have been enormous, and realized, too, in many instances, even by our own citizens, through a system of brokerage as unprincipled and dishonest, as unfriendly to the success and welfare of the nation, as the plottings of actual treason. The system adopted at an early moment for the purchase of arms naturally encouraged this result. The government and the several States entering the market in active and direct competition, stimulating, it is true, to some slight extent and temporarily

the importation and manufacture of arms, but scarcely compensating for a general profligacy in the expenditure of the public treasure, and the corruption of the public morals.

Since the adjournment of the extra session of Congress, the War Department is understood to have authorized the several States, and to have recognized the right in the generals commanding the several divisions of the army, to purchase arms, to be paid for by the general government, creating an unwise and ruinous competition against itself, without increasing the number of arms in the market.

The committee after examining into the effect of this system of competition, as early as the last of September called the attention of the War Department to the subject, and suggested as the only effective remedy that the purchase of arms should be confined to a single bureau, and the several States notified that the general government would not pay for arms purchased in competition with itself. The committee is informed that this policy has been adopted, a most desirable result, though its earlier adoption would have saved millions to the treasury, and at the same time, by placing the arms purchased under the control of the government, would have secured their use at points where the public safety was the most in peril. On this subject, Major Hagner, the experienced ordnance officer at New York city, who was engaged in the purchase and inspection of arms for the government, testified as follows in answer to the question whether the agents of the several States were aware of his being in New York city, as the agent of government for the purchase of arms :

“The agents of General Frémont, of the governors of States, of cities, of Union Defence Committees, of colonels of regiments, and of generals of our army, are all here. I may be in treaty for arms, and the first thing I hear the arms are sold to some agent. Some men who hold arms, I sometimes think, are rather disposed not to have a *bona fide* sale. They like to keep the arms in the market in order to advance the price. I think they have been gambling in arms just as they do in stocks.

Question. Has the War Department been aware of this state of things for the last two months?

Answer. Yes, sir. I have repeated it to them, but their anxiety to get arms is so great that they seize every seeming chance that offers.

Question. One single agent occupying, for instance, your position would, of course, be able to make these purchases to the same extent that fifty agents could, to the extent of the capacity of the market, and at a price more satisfactory to the government?

Answer. Yes, sir; evidently. I have represented the state of things more than once to the department, and I have asked them to constitute a bureau of purchase, and I have begged that the States should be asked not to send agents to purchase. As the United States will have to pay eventually, I have asked that we should have some concert together, that this state of things might be stopped.

Question. The number of the agencies does not increase the capacity of the market to produce arms?

Answer. Not at all.

Question. Are not all the arms purchased for the government, or the various States, or for municipalities, purchased in this city?

Answer. Yes, sir; they all belong here. If an officer is ordered to purchase in Boston, the first thing I know the arms that are here are telegraphed for to be sent to Boston; and so it is as to Philadelphia.

Question. So that the whole of this business would be within the control of a single agent of the government?

Answer. Entirely so.

Question. Upon a rough estimate of the purchases of arms by the government, by the States, by cities, what would have been the saving?

Answer. Suppose we have now, Union defence men and all, half a million of men under arms. The United States owned at the time of the battle of Bull Run, not including those which fell into the hands of the south upon the breaking out of hostilities, probably 200,000 arms—that would leave 300,000 more to be purchased. I think there have been very few purchases by States at less than \$10 each, and the mass of purchases have been at a much higher rate. For Colt's arms the government gave from \$45 to \$47, and for Sharpe's arms from \$35 to \$40. For Colt's pistols I gave \$19, and the chances are that if they were bought elsewhere, and not from first agencies, a higher price would have to be paid. Every mercantile agency insists upon the manufacturer giving him a certain part of his work, so that if the government makes a bargain with the manufacturer it does not get all the arms of that establishment. I secure all those which come to the mercantile agencies and pay \$19. The government, I think, gives \$20 on account of their stricter inspection. Remington's pistols cost \$15, and Whitney's \$16 80. I think, therefore, that you ought to estimate that 300,000 arms multiplied by \$12½—the average cost say—would give the total expenditure of the government for that branch of arms; and upon that I should think, as I said before, there might have been a saving of thirty or forty per cent.

Question. What kind of an arm is it that cost so low a sum as to make the average cost only \$12 50?

Answer. Some foreign smooth bores and United States smooth bores. The government has bought but few rifles. This difficulty found an exhausted market. The south had thoroughly sifted the country of all its arms, and we purchased everything which we could get."

It is presumed that, in view of the past experience, the government will adhere to its present policy, and that the several States will see the wisdom of permitting the general government to manage this department of the public service, in which competition cannot be beneficial to any State, because it is inevitably prejudicial to the general interest, in which the interest of every State is involved.

The general government, and the government of the several States, must be impressed with the overwhelming necessity for the most rigid and severe economy in every department of the public service. Every avenue by which the government is plundered must be closed up. The people, who are making every sacrifice to sustain their government, demand that the schemes and combinations of dishonest speculators to rob the treasury, under the miserable pretence of patri-

otism, shall be promptly crushed out. A dishonest scheme of speculation, based upon the necessities of the government, and an open assault on the integrity of the Union, are only different forms of treason—the former not the less base because it is masked under the pretence of a public service.

In numerous cases which have come under the observation of the committee the price paid for arms was inexcusably exorbitant. In some instances the arms were worthless, and in others exorbitance in price was coupled with other evidence of a purpose to defraud the government.

But the committee have not deemed it their duty to call the especial attention of the House except to the following transactions :

The purchase of the Austrian muskets.

When General Frémont was in New York city, prior to his joining his command in the west, his attention was called to a lot of Austrian muskets, (25,000,) which were submitted to Major Hagner for inspection, in reference to which he testifies as follows:

“In relation to the purchase of arms by General Frémont I am entirely ignorant as to details. My own business has been so absorbing that I have not had a moment's time to devote to an investigation of those transactions. Of my own knowledge, I know nothing of the prices paid by General Frémont. I know the character of a lot of arms which have gone out west to him.

Question. Do you know of whom they were purchased?

Answer. They were purchased of a firm in Broadway by the name of Kruse, Drexel & Schmidt. The firm are dealers in other matters, but not in arms. The arms were assigned to that firm by some friend abroad, and the price was as low as one could hope to get arms for at all when they first came here. They were offered to me at that time—General Frémont was here then—and I think the price was \$5 50. The arms were Austrian altered flint-lock muskets, requiring a special ammunition. The calibre was $\frac{7.0}{100}$ of an inch; but the principal objection to them was that they required this special ammunition. The arms were old, and had been in service. The special ammunition is one that is mostly out of use, and the military men of our country and of France have objected to it on the ground that it required percussion powder to be stored in magazines with the ordinary powder. The old flint pan in the Austrian arm was preserved. At first they took out the flint from the old hammer, and screwed in a nose of iron, which went down to the bottom of the pan, and there struck a tube which contained percussion powder; this tube was stuck into the old vent. The Austrians thus altered their arms at less expense than they could put in the percussion nipple. In these arms they had retained what we call the battery—it was the piece of plate which was struck against by the flint to make fire—and it still covered the old pan, and in it there was a piston which the hammer struck on top and forced down upon the priming tube. It was an arm of peculiar construction, which would require a special drill.

Question. Do you know whether those arms have been purchased since; and if so, by whom, and at what price?

Answer. I have understood that those arms were sent out to St. Louis by Adams's Express Company, upon order of General Frémont. From whom the purchase was made, what number, and at what price, I do not know.

Question. They were offered to you at \$5 50?

Answer. Yes, sir.

Question. How many were there?

Answer. Frémont at that time agreed that they were not a suitable arm for service. The man said he had twenty or thirty thousand, I do not remember which, and that he was expecting enough more to make up a complement of fifty thousand.

Question. At the time when General Frémont was here was he advised of the price?

Answer. I am not quite certain as to that.

Question. Was there not something said in regard to the price?

Answer. I think so, but I cannot state positively. A sample of them was in his possession at the Astor House. I said to him "General, you see the trouble about these arms;" and, after explaining, he at once said, "They won't answer." When he reached Missouri he telegraphed back to me somewhat in this wise: "Arms, arms, arms! send us arms—anything." I had ordered forward all that I could obtain—they were then on their way—and could not buy any more at the moment. Subsequently General Frémont telegraphed to me about supplies once or twice; but soon I heard of agents here purchasing for him.

Question. As an ordnance officer yourself, and even with that despatch in your possession, you did not consider it right to purchase those arms?

Answer. I did not. I understand that those arms are now at St. Louis, that they have not been issued, and that they are trying to alter them. Frémont found that they could not be used."

In reference to these arms, John C. Kruse, one of the consignees of them, testifies as follows:

"Question. Have you had any business in fire-arms?

Answer. Yes, sir; I had a consignment of 25,000 muskets, which I sold to the government.

Question. Were they consigned to you individually, or to your firm?

Answer. To our firm.

Question. With whom did you make the bargain for their sale?

Answer. With General Frémont. A sample was shown to him when he was here at the Astor House. He left, and Mr. Schmidt, my partner, went to Washington. In the meantime I got a despatch from General Frémont making an offer for half the lot. We telegraphed to him that we would not sell them to him unless he would take the whole lot. I first asked \$7 50 apiece. He said he would take 12,000 of them at \$6 50. We telegraphed him that he might have the whole lot at that price. He replied that he would take them, and they were shipped immediately.

Question. Have you got your pay ?

Answer. Not yet.

Question. What kind of arms were they ?

Answer. Plain Austrian muskets.

Question. An altered musket ?

Answer. No, sir; a musket with a percussion lock.

Question. Were they muskets which had been used ?

Answer. Twelve thousand had been used, and 13,000 were new.

Question. What was the invoice price to you ?

Answer. The old ones were invoiced at \$2, and the new ones at \$2 40, and the expenses.''

These muskets, manifestly, are arms rejected from the Austrian service, and requiring an ammunition entirely different from that used in our service; were manifestly worthless in that condition; and pressing as was the necessity for arms in the west, the committee have not been able to find that any of them are in the actual use of the army, although after reaching the St. Louis arsenal some of them were distributed to the army. Captain Callender, the ordnance officer at St. Louis, was of the opinion that the arm was worth altering. One of them, altered and rifled by Miles Greenwood & Co., of Cincinnati, Ohio, at a cost of \$4 50, and another by Messrs. Tyson & Co., of Philadelphia, at \$6 50, was exhibited to the committee. They had been inspected by Captain Callender, and ten thousand of them were said to have been sent from St. Louis to the foundry of Greenwood & Co., of Cincinnati, for alteration and rifling, at a cost of \$4 50, or, as the committee were informed at Cincinnati, at a cost of \$4 65 each. The policy of this expenditure, even in view of the pressing demand for arms, is exceedingly questionable. Captain Granger, of the third regiment of United States regular cavalry, now in command at the St. Louis arsenal, says:

"It is my opinion that the Austrian musket, as sent to the arsenal, is the most indifferent arm I have ever seen; as to the value of the arm I know not what to say, as that depends so much upon the necessity for them; it occurred to me, at the time I first examined the arm, that it was an old condemned and discarded arm; the arm which the government has been manufacturing for the last five years or longer is, in my opinion, worth all of these you could bring over the ocean; the combined arrangement of one of these Austrian muskets and its priming apparatus is one of the most clumsy I have ever seen; the primer, which comes with it, is an inconvenient arrangement; in appearance it is a bit of wire with a still smaller wire attached by a loop; the inconvenience of the arrangement is that they become tangled up, and the soldier in taking them out of the pocket or pouch would pull out half a dozen in all probability; and, furthermore, if their fingers were cold it would be a difficult matter to put the primer in its place, and it might take a minute or two.

Question. Is there any difficulty in the fact that there must be a special ammunition, such as cannot be used with any other gun ?

Answer. There is, as the primer is not made in this country, but we have to send to Europe for them; I remember hearing Captain

Callender say, when these guns first came here, that he had got so many thousand muskets, but that they had forgot to send the primers; it is, in other respects, an awkward and clumsy gun, though pretty strong and pretty well made."

It is probable that the arm had been rejected from the Austrian service and purchased on speculation, and sent to this country in view of the extraordinary demand for arms. The arm in the condition in which it was purchased will certainly never be used by our army, and when altered as proposed its inferiority to other arms which are rapidly accumulating, together with the almost universal prejudice of our soldiers to altered arms, will almost certainly exclude it from the army. The amount claimed for the arms, including the special ammunition, is about \$166,000. The committee are of the opinion that the arm will never be of any service to the government, and will never be used except in some case of unforeseen and extraordinary emergency.

The purchase of the arm was an act of manifest improvidence, and the less excusable because the arm had been disapproved of, even at a less price than that paid by General Frémont, by the experienced ordnance officer at New York. The immediate necessity for arms can scarcely be considered as furnishing an excuse, for the arm was practically useless until altered, and to effect that, delay was inevitable; and the purchase was made without any examination as to the practicability of improvement by alteration. The committee found a large number of these arms at Cairo, and, notwithstanding the urgent necessity for arms at that point, whole regiments, even on the eve of the battle of Belmont, being almost destitute of arms, these arms were left in the boxes in which they were shipped from the arsenal at St. Louis. Improvidence and disregard of reasonable economy on the part of the agent of the government on the one hand, and a spirit of ruthless speculation on the other, have made this contract, and it is a question of public justice how far it shall be carried into effect. The committee deem it their duty to present the facts for the consideration of the House without any special recommendation.

The purchase of the Hall carbines.

Another transaction in the purchase of arms, to which the attention of the committee has been directed, is the purchase of five thousand of Hall's carbines by General Frémont, through Simon Stevens, of Pennsylvania. This transaction is, in some respects, of the same character with the purchase of the Austrian muskets, but much more remarkable in illustrating the improvidence of gentlemen prominently connected with the public service, the corrupt system of brokerage by which the treasury has been plundered, and the prostitution of public confidence to purposes of individual aggrandizement.

In the month of June last Arthur M. Eastman, of Manchester, New Hampshire, purchased of the Ordnance Bureau five thousand four hundred Hall's carbines, at \$3 50 each, and, after a slight alteration of the arms, at a cost of from 75 cents to \$1 25 on each arm, sold five thousand of them to Simon Stevens for \$12 50 each, who imme-

diately sold the entire lot to General Frémont for \$22 each, General Frémont probably laboring under some misapprehension as to the nature of the purchase of the arms. The committee propose to present the transaction somewhat in detail.

The sale of these arms by the War Department to Mr. Eastman, at a time when arms were in such extraordinary demand, is remarkable. Our government was purchasing, at high prices, arms rejected from the service of different European nations. If a general commanding a division of the army was at all excusable for purchasing twenty-five thousand muskets rejected from the Austrian service, at \$6 50 each, on the ground "of a pressing necessity," it is impossible to justify the sale of the Hall carbines, if they were of any value whatever, or capable of being made of any value by alteration.

These arms seem to have been sold privately, and without inviting any competition, and sold, too, for an almost nominal price. The sale was made by order of the Secretary of War on the recommendation of the Ordnance Bureau. No government that ever has existed can sustain itself with such improvidence in the management of its affairs. One agent of the government sells these arms at \$3 50 each, in the midst of a pressing demand for arms, and, a few weeks afterwards, and without any increase in that demand, the same arms, slightly altered, are re-sold to the government, through another agent, for \$22 each, the government losing in so small a transaction, if permitted to be consummated, over ninety thousand dollars. Or, inasmuch as all the Hall carbines owned by the government were sold to Eastman, and of course embraced the 790 bought by Mr. Alexander Cummings, as the agent of the War Department, for \$15 each, the case as to *these* would stand thus: They are condemned and sold by the government at a merely nominal price; afterwards, in April last, an agent of the War Department purchases them for the government at \$15 each; in June they are sold to Eastman by the War Department for \$3 50 each, and in August they are purchased by General Frémont for the government at \$22 each. Whether buying or selling, the liberality of the government is equally striking! General Ripley is a gentleman of large experience and inexorable in the performance of his public duties. The arm had been rejected from the public service as practically worthless years ago, and in his judgment no alteration could improve it; if so, the re-purchase of the arm is without any possible excuse; if otherwise, the original sale of the arm is utterly indefensible.

It appears that Mr. Eastman suggested to General Ripley the alteration of the arm before he made the purchase. He testifies on that point as follows:

"In June I knew that the government had a large lot of Hall's carbines on hand, which I understood were a very good arm. I made application to General Ripley to alter them so as to make them a modern fire-arm.

Question. Is General Ripley at Washington?

Answer. Yes, sir; at the head of the Ordnance Bureau. He de-

clined to have the alteration made; and then I proposed to buy them, and did so.

Question. What alteration did you suggest to him?

Answer. The arms were made along at different times for a number of years when breech-loading arms were adopted by the government merely on account of the convenience of loading at the breech. After that the new modern breech-loading fire-arm came up, wherein the chamber where the charge is inserted is larger than the barrel beyond it, thereby shutting off the escape of gas and getting a greater distance of range. I proposed to alter those arms in a similar way, so as to make them as efficient as the modern arm. General Ripley said that their experience was that when they altered anything they made it worse than it was before, and therefore he declined to have any alteration made.

Question. Did you purchase the arms?

Answer. I did.

Question. About what time?

Answer. Some time in the month of June.

Question. In what quantity?

Answer. I purchased whatever the government had at the different arsenals—supposed to be about six thousand, but I have received only about five thousand four hundred.

Question. What price did you pay, or agree to pay?

Answer. Three dollars and a half each, taking them as they were—good, bad, and indifferent, of every quality and condition.

Question. Did you subsequently sell those carbines to the government or to other parties?

Answer. I sold them to an individual.

Question. About what time?

Answer. In July.

Question. To whom?

Answer. Mr. Simon Stevens, of this city, was the chief negotiator."

In the judgment of the committee, under the circumstances, the arms ought not to have been sold. This, however, was a question of expediency. The committee does not doubt the integrity of purpose of General Ripley, but General Frémont was not, as a commanding general, authorized to purchase the arms.—(See act of February 8, 1815, organizing the Ordnance department.)

There is no evidence of a want of good faith on the part of Mr. Eastman, except an unfortunate eagerness to speculate on the misfortunes of the country.

It is not *entirely* clear in what character Mr. Stevens made the purchase, whether for himself or for General Frémont for the use of the government. We deem that an important inquiry. Mr. Stevens made the purchase in person in New York city, and at once made the sale to the government. The sale to the government is thus stated by Mr. Stevens in his testimony before the committee:

"I have sold to General Frémont, for the United States government, 5,000 of North's rifled carbines, made under Hall's patent, at \$22 each.

Question. Of whom did you procure those arms?

Answer. I got them from J. Pierpont Morgan, to send to General Frémont.

Question. About what time was this?

Answer. They were offered to General Frémont, by telegraph, in these words:

“NEW YORK, *August 5, 1861.*

“I have 5,000 Hall's rifled cast-steel carbines, breech-loading, new, at twenty-two dollars, government standard, $\frac{5}{16}$ bore. Can I hear from you?

“SIMON STEVENS.

“J. C. FRÉMONT,

Maj. Gen., Com'g Dep't of the West, Cairo, Ill.’”

In reply to this offer I received the following despatch from General Frémont:

“HEADQUARTERS WESTERN DEPARTMENT,

“St. Louis, August 6, 1861.

“I will take the whole 5,000 carbines. See agent Adams' Express, and send by express; not fast freight. I will pay all extra charges. Send also ammunition. Devote yourself solely to that business to-day.

“J. C. FRÉMONT,

“Major General Commanding.

“SIMON STEVENS, *New York.*”

Question. What understanding, if any, previous to this despatch which you sent to General Frémont, had you with him in reference to the purchase of arms?

Answer. None whatever.

Question. Were you personally acquainted with General Frémont?

Answer. I was.

The arms were placed under the control of J. Pierpont Morgan to secure him the payment of \$20,000 he had advanced to Stevens. Mr. Hubbard, mentioned in the testimony, was acting as a broker in the transaction. It would seem that Mr. Stevens, on the 18th day of August, became, in an informal way, an aide-de-camp of General Frémont. In his testimony he says:

Question. Were you acting aide-de-camp to General Frémont at this time?

Answer. Yes, sir; from the 18th of August, under a verbal communication made to me by General Frémont's private secretary, tendering me the position as aide-de-camp with the rank of major.”

In his testimony Mr. Stevens disclaims having acted as an agent or officer of the government prior to the 18th of August, yet the evidence would lead to a different conclusion. Morris Ketcham, of New York, who had advanced money to Mr. Stevens, in connexion with J. Pierpont Morgan in this transaction, testifies as follows with reference to the security he held for his advances:

“Question. How much did you advance?

Answer. I should think between forty and fifty thousand dollars.

Question. What security did you have?

Answer. I had none except that which was held by Mr. Morgan, which was this authenticated document.

Question. What constituted that document?

Answer. A telegraphic despatch, and, I believe, a letter from Gen. Frémont to Mr. Stevens, directing him to buy a certain number of carbines, which he had offered to Frémont. In the first place, there was a telegraph from Mr. Stevens to Frémont, stating that he could furnish him with so many arms; to which Frémont replied, “Purchase and forward immediately.”

Question. Were there any other documents?

Answer. I think there was a letter also.

Question. You advanced upon that draft, and hold those papers.

Answer. Mr. Morgan holds subject to me, when he gets his pay from the government.”

The terms of this brief despatch, “Purchase and forward immediately,” would seem to indicate the agency of Mr. Stevens. General Frémont manifestly understood from Mr. Stevens’s despatch that the arms were new and ready for delivery, when, in truth, at the time Stevens made the purchase, a part of these arms were still in the possession of the government and unpaid for, a fact of which he was necessarily informed, for he advanced the money to enable Eastman to obtain the arms from the government. Eastman in his evidence says:

“Question. Did you receive any portion of the payment from Mr. Stevens prior to the transfer of the obligation you had from Stevens and other parties to Mr. Ketchum?

Answer. The government would not allow me to take any of the arms at any one place, unless I paid for the whole before taking any. At this place there were 1,000 arms in one body, which required a large amount of money, and Mr. Stevens made an advance to make this purchase.”

But the testimony of Major P. V. Hagner, the ordnance officer, is still more definite as to the relations of Stevens to the government. In speaking of General Frémont’s agents in New York city, and in answer to the question, “Do you know the names of those agents?” Major Hagner said:

“A Mr. Stevens was one of them. Adams’s Express Company told me that a Mr. Stevens had made a requisition upon them to send stores to General Frémont. Some time afterwards a gentleman introduced himself to me as Stevens, and said he was agent of General Frémont. I asked him if he had any credentials. He said he had, and would show them to me, and asked me if I had not heard of him. I told him then, and very plainly, that “I understood from the express office that a *Mr. Stevens* had asked them to send things to General Frémont, and that I had also heard from other sources that *somebody* claiming to be the agent for General Frémont had acknowledged or boasted that he had made a large amount of money by his agency.

I told him I cannot connect those two statements ; but as you ask me if I had heard anything of you, you will understand that, having heard these two statements, which I cannot put together, I must see your authority before I can have any official communication with you." He had not the authority with him. He called at my office, and met me two or three times afterwards, but never showed me his authority. He has met me occasionally, and inquired about ordnance stores, &c., and I have always given him all information in my possession. Recently I said to him, "You come frequently to me for information upon military matters, and do you recollect that once you promised to show me your authority from General Frémont?" He said he had not shown it to me, but that he had letters from General Frémont which he would show me, and he did show me letters of authority to him. He also showed me telegraphs. He stated that he designedly did not show me the authority, because I seemed to doubt his authority. I told him that I, as a public officer, had no objection to do what I could for the benefit of any other public officer, and if he would show me his commission from General Frémont I could deal with him freely, but that I could not now, though I had no objection to give him information I possessed, in the expectation that it was for General Frémont. I said, "All I ask is that you show me your authority as agent, so that I may know that you are equally responsible with myself for your conduct as a purchaser for the government." Upon those terms he stood out."

And again :

Major P. V. HAGNER recalled :

"Question. Are you acquainted with the Hall-North carbine which was altered by Marston under the direction of Mr. Stevens?

Answer. I have seen the arms.

Question. After that gun is altered by Mr. Marston, what, in your opinion, is its value?

Answer. Considering the emergency of the times, I should say ten or twelve dollars.

Question. Why is it not worth as much as the government is paying for the Enfield rifle?

Answer. The Enfield rifle has a longer barrel and a bayonet attached.

Question. Have these carbines no bayonets?

Answer. They have none ; the original cost of the arm was probably more than twelve dollars, but I know they were sold by the government, as an arm of faulty construction, for much less.

Question. What was the alteration to which they were subjected by Mr. Marston?

Answer. They were rifled, and the chamber at the breech enlarged, so that the ball would take the groove.

Question. Do you know whether General Frémont had any personal knowledge of the character of those guns, or of their cost?

Answer. I do not.

Question. Have you had any interview with this Simon Stevens at Mr. Marston's shop of late?

Answer. On Friday last I was at Mr. Marston's shop inspecting some arms he was engaged in rifling for me, and Mr. Stevens entered the office. We were talking of pistols which the agent of the State of Maine wanted when Mr. Stevens came in. After addressing me, he called upon Mr. Marston for one of those Hall-North carbines, which, he stated, had been spoiled in the rifling, but which would indicate the character of the work done upon the rifle by Mr. Marston. He had previously asked my opinion of the carbines. He then asked me what I thought was the value of them. I told him, as I have told the committee, I thought they were worth from ten to twelve dollars, and that as to my opinion of them, I had always liked the principle of the gun as a breech-loader—the advantage, in my mind, being that the cartridge is introduced in front of its seat instead of behind it. I stated, however, that the mechanism of the gun, and the old plan of loading it, had, no doubt, caused its rejection as a breech-loader. Mr. Stevens then said he was very glad to hear my favorable opinion of it, and that he would ask the committee to call me before them to put my opinion in evidence. He then said, "Now, since you like these guns, major, Mr. Marston has three or four hundred of these arms, and he will sell them to you." He turned to Mr. Marston and said, "What will you sell those three or four hundred you have to the major for." I made no response to his first remark, nor did Marston. I kept my eye upon Marston, Stevens standing by his side, and I heard Stevens say in a whisper to Marston, after asking the question, "Say eighteen dollars—say eighteen," repeating it twice. I waited a moment to see whether Marston would act in collusion with him, but finding that he did not, and that he took no notice of what he said, I turned to Stevens and told him I had heard his whisper, and that I considered he had acted very improperly as professing to me to be a government agent, charged with the interests of the government; and that in consequence of his conduct I should feel bound to have no further official communication whatever with him. I then walked off. Marston followed me, and said to me, in a tone indicating strong feeling upon the subject: "Major, I beg you let me say a word to you before you leave. Mr. Stevens had no right to use my name in any such connexion as he has done. I do not own the arms in the first place, and in the next place I have never had any improper connexion with any government sale. I have never received a bribe or present, but only fair wages for fair work. With whatever has occurred elsewhere I have had nothing to do."

Question. Did he say who was the owner of those guns?

Answer. No, sir.

Question. In what capacity did Mr. Stevens profess to be acting at that time?

Answer. His object in going there at that time, as he stated to Marston, was to get an arm for the purpose of bringing it before this committee.

Question. Mr. Stevens had represented himself to you heretofore as acting in some official capacity for the government?

Answer. On first introducing himself to me he stated that he was an agent of General Frémont.

Question. When was that?

Answer. I should judge it was in July some time.

Question. Subsequent to that, and for how long a time, did he represent himself as acting in that capacity?

Answer. The last time I saw him, prior to this, at Marston's, he called at my hotel. He then told me he had been appointed upon General Frémont's staff, and was to receive an appointment; and he showed me a letter in which General Frémont addressed him as "Major Stevens."

Question. As early as July he had represented himself as acting as agent for Frémont?

Answer. Yes, sir. He stated, in the first place, that it was an unfixed kind of a thing. It was a remarkable state of circumstances, so far as ordinary military arrangements go, and I so stated to him. When he first spoke to me upon the subject he said he was buying things for General Frémont, and when he had closed what he wanted to say I said to him, "This is all very irregular. If you are the authorized agent of Frémont I should have some assurance of it. I have no objection to giving you information as a private individual, but I can have no official intercourse unless you show me your credentials." But he never showed me his credentials.

Question. Did he state the character of his credentials?

Answer. He stated that he was to be on General Frémont's staff. That was in July."

The testimony of Captain Franklin D. Callender, ordnance officer at St. Louis arsenal, establishes the manner in which the transaction has been managed there, and the extent to which payment has been made.

"ST. LOUIS, *October 26, 1861.*

Franklin D. Callender recalled:

Question. Did you have an interview with Captain Turnley in regard to a transfer to your department of \$100,000 in money from the quartermaster's department in this city? If so, state the whole of that transaction.

Answer. As well as I remember, two or three days before the accounts which were exhibited as paid in my testimony the other day, Mr. J. T. Howard, who seemed to be, at least, a friend of General Frémont's, and at headquarters, came down to my office, and we went over to my quarters, as I thought we would be interrupted at my office. I think this account of J. Pierpont Morgan, referred to as paid in my testimony the other day, was made out by him at that time in writing. This I am not absolutely certain of, but such is my impression. I heard him say afterwards that it was made out from a draft of this amount of money, and, as well as I remember, I suppose I may have casually seen that draft, or I may have had it in my hands. I think the draft must have been signed by Mr. Stevens, but of that

I cannot be certain. I suppose the draft did not exhibit any charge for boxing or other charges, but was for the gross amount for the 2,500 carbines. Some bill may have exhibited charges for cost of boxing or other charges. I may have suggested that the account should exhibit the gross amount charged to the carbines, but of that I am not certain. I had no funds available at that time to pay this account, which was \$55,550 for the 2,500 carbines, as nearly as I remember, and as appears by a copy which I have. A day or two after that I received a telegraphic express to report myself at the headquarters of General Frémont. I went up there, and had an interview with Mr. Howard, and we went together down to Captain Turnley's quarters. Mr. Howard explained to me that, by the order or at the request of General Frémont, Captain Turnley would turn over to me \$100,000, with a view to paying, as I understood, certain amounts for arms. We saw Captain Turnley, and he turned over to me \$82,662 50, with which I paid the accounts referred to in my former testimony. Captain Turnley, as well as I remember, drew the checks for the amounts required, payable to my order, and I indorsed them.

Question. Will you state the connexion in which the name of Mr. Stevens occurs in this transaction?

Answer. The draft was drawn by Mr. Stevens upon General Frémont, and the reason Howard gave me why he wanted that particular account paid was, that he did not want to have that draft go back protested, and the same reason may have applied to the other two accounts.

Question. Who is J. T. Howard?

Answer. He is a gentleman whose acquaintance I made at General Frémont's headquarters. I think he represented himself as being a friend of General Frémont.

Question. Was he at the headquarters of General Frémont for any considerable length of time?

Answer. I think he must have been. I saw him there occasionally. He seemed to be interested in the arms which had been procured—not pecuniarily interested.

Question. Did you know Stevens?

Answer. I met Stevens after these accounts were paid. He came down to the arsenal, and I saw him there?

Question. Did he refer to the subject of these arms?

Answer. He referred to them, and had the boxes opened.

Question. How many of Hall's carbines were there in all?

Answer. 5,000.

Question. On what day did it appear that they were purchased by the government, if purchased at all?

Answer. It appears, so far as I know, by the date, August 7, 1861.

Question. Who purports to have sold them to the government?

Answer. According to the best information I have, J. Pierpont Morgan sold them to the government.

Question. Were they all included in one bill which was presented to you, or were there two bills?

Answer. I judge from these accounts that two different bills were presented, and that the arms were received at two different times.

Question. Did not both bills bear the same date?

Answer. Yes, sir.

Question. Upon what day was the bill for just 2,500 carbines, and nothing more, paid by you?

Answer. That bill was paid for by me on the 10th of September,

Question. Was there an order attached to the bill for the 2,500 carbines only, and were you directed by General Frémont to to pay?

Answer. Yes, sir.

Question. Will you furnish a copy of that bill, with all the evidences of its correctness and payment?

Answer. I will." It is as follows:

FORM No. 13.—*The United States to J. Pierpont Morgan, Dr.*

August 7, 1861.—2,500 Hall's rifled carbines \$55,550
* * * * *

These arms have been duly received.

F. D. CALLENDER, *Captain Ordnance United States Army.*

HEADQUARTERS WESTERN DEPARTMENT,
St. Louis, September 9, 1861.

The ordnance specified in the above account was purchased by my order for the troops under my command. Captain Callender, ordnance department, will pay the account.

J. C. FRÉMONT, *Major General, Commanding.*

SEPTEMBER 9, 1861.

Not paid for want of funds.

F. D. CALLENDER,
Captain Ordnance United States Army.

Paid September 10, 1861.

F. D. CALLENDER, *Captain Ordnance.*

ST. LOUIS, *Missouri, September 10, 1861.*

Received from Captain F. D. Callender, of ordnance, fifty-five thousand five hundred and fifty dollars, in full of the above account.

[Signed duplicates.] J. PIERPONT MORGAN,

By his attorney, J. T. HOWARD.

Question. Will you furnish a copy of the bill for the other 2,500 carbines which have not yet been paid for?

Answer. Yes, sir; it is here.

FORM No. 13.—*The United States to J. Pierpont Morgan, Dr.*

1861.	<i>Ordnance stores.</i>	
August 7	2,500 Hall's carbines, at \$22	\$55,000 00
	5,000 screwdrivers, at 25 cents.....	1,250 00
	5,000 wipers, at 20 cents	1,000 00
	500 spring vises, at 35 cents	175 00
	500 bullet-moulds, at 50 cents	250 00
	125 packing boxes, at \$4	500 00
		<hr/> 58,175 00

I certify that the above account is correct and just, amounting to ——— dollars and — cents, ———, 1861.

The annexed-named ordnance stores have been received in good order.

F. D. CALLENDER, *Captain Ordnance United States Army.*

HEADQUARTERS WESTERN DEPARTMENT,

St. Louis, September 26, 1861.

The above ordnance was purchased by me for the troops under my command. Captain Callender, ordnance department, will pay the account.

SEPTEMBER 26, 1861.

Not paid for want of funds.

F. D. CALLENDER, *Captain Ordnance United States Army.*

This copy I have furnished is as near a copy as I can give the committee. It was taken merely as a memorandum to assist my recollection.

Question. Who has possession of the original?

Answer. I cannot tell; I suppose, of course, it must have gone to Mr. Morgan, or it may be in the hands of some agent for collection.

Question. To whom did you deliver it?

Answer. I cannot positively say, but most likely to Mr. Howard.

Question. How did it happen that General Frémont's name was not signed to the order of payment?

Answer. The payment had not been made, nor would it be paid until his order was attached to the order.

Question. How does it happen that his name is not attached to the order?

Answer. I can only say that the account was put into this shape to get it into the process of adjustment, according, I suppose, to the wishes of General Frémont and those about him.

Question. What conversation did you ever have with Mr. Stevens in relation to that last account for 2,500 carbines, and other articles therein named, amounting to \$58,175?

Answer. Mr. Stevens came to the arsenal and exhibited to me a letter from Captain Whiteley. That letter I have not been able to find. I understand the prices contained in that bill for the items of screwdrivers, vises, bullet-moulds, &c., were taken from prices named in that letter, and as the prices at which the government had originally sold the same articles. Something was also said in the letter about boxes for which the government had made a certain charge. Those items were included in the account on the exhibition of that letter, and agreeably to the wishes of Mr. Stevens.

Question. Then you saw Stevens before this account for \$58,175 was made out?

Answer. I am not sure. I think it may have been partly made out, and that it still remained in my custody.

Question. What interest did Stevens seem to have in the transaction?

Answer. I can hardly tell. I understood he was a member of General Frémont's staff, and that he was making purchases by the general's order."

The connexion of Mr. J. T. Howard with this business has not

been disclosed, nor does the reason clearly appear why General Frémont should so press the payment of the \$55,550 to J. Pierpont Morgan for the one-half of these guns, as to require for that purpose a diversion of funds from the quartermaster's department, against which debts to the extent of millions were then pending and unpaid. Stevens seems to have drawn a draft on General Frémont for the money, which the General and his friend, Mr. J. T. Howard, did not wish to "go back protested." If Stevens was acting as the agent of General Frémont the draft was all right. If J. Pierpont Morgan was the party actually selling the arms to the government, it would be difficult to explain Stevens's connexion with the draft, except as the general's agent.

In the voucher for the payment of the \$55,550, General Frémont certifies that the ordnance specified in the account was *purchased by his order*. This is only correct if Stevens made the purchase by order of General Frémont. If so, he cannot in person, or through J. Pierpont Morgan, become the seller of the same arms to the government at an advanced price. Captain Callender could only account for Stevens's connexion with the transaction, on the supposition "that he was making purchases by the general's orders."

But in the judgment of the committee the most conclusive evidence that Stevens was acting on behalf of General Frémont, and of the corresponding confidence reposed in him, is to be found in the purchase itself. Stevens simply announces by his despatch the fact that he has 5,000 Hall's carbines, at \$22. "Can I hear from you?" This is answered by the general, promptly, the next day. There is no chaffering; no reference of the subject to the ordnance officer at New York, Major Hagner, or inquiry as to how Hall's carbines should have got into the market, or one word as to the condition of the arms, whether they had been altered or not; but General Frémont, as he well might have done if Stevens was his agent, without asking any explanation whatever, simply answers that he will take them. "Send also ammunition; devote yourself solely to that business to-day." A very natural order if Stevens was acting as his agent; rather remarkable if he was not.

From the whole evidence the committee is of the opinion that the arm was worth to the government, under the pressing urgency for arms, very nearly \$12 50, the amount paid by Stevens to Eastman, amounting in the aggregate to \$62,500, although Eastman, in his testimony, says he only received the sum of \$57,000. The government has paid Morgan \$55,550. This sum seems to include one per cent. for interest, exchange, or commission. This would leave due from the government, of the price at which Eastman sold the arms to Stevens, \$6,950, and interest accrued since the 9th of September. It will be seen that the items in the account for screwdrivers, nippers, &c., are for articles accompanying the carbines, in the sale by the government, for which an additional charge is made. Eastman does not seem to have received anything from Stevens for them, and the government ought not to be charged with them separately. Nor can the government in any just sense be held responsible for the mul-

tiplied commissions and divisions of profit to which this transaction has given rise.

From these premises the committee is forced to the conclusion that no consideration of public faith will require or permit the government to pay for these arms a greater amount than was paid to Mr. Eastman in the original purchase. Two reasons, equally conclusive, sustain this view: the one drawn from the relation of Stevens to the government at the time the purchase was made; the other from the fact that a sound public policy requires good faith on the part of the citizen towards the government.

The committee have presented the facts from which they infer that Stevens was acting on behalf of the government, and cannot, therefore, be permitted to realize a profit out of the purchase. The examination can hardly be regarded as *ex parte*, as full effect is given to the testimony of Stevens himself. But even if Stevens is to be regarded as an independent purchaser, that purchase was made with a view to an immediate re-sale to the government at an enormous profit, and the committee protest against such a transaction being treated as fair and legitimate. To drive a hard and unconscionable bargain with a party whose pressing necessities compelled compliance, has received the severest censure of the enlightened jurists of all nations; and an act which promotes the sordid and mercenary interests of the individual citizen at the expense of the common interest of the Commonwealth, has been branded by the laws of most civilized countries as a crime. To seize upon the pressing necessities of a nation, when the welfare of the whole people are in imminent peril, and the more patriotic are sacrificing life and fortune in the common cause, to gratify a voracious cupidity and coin money out of the common grief, is a crime against the public safety, which a sound public policy must condemn. These transactions, where, in consequence of the urgent necessity of the occasion, or of the improvidence or dishonesty of public agents, enormous and exorbitant profits are attempted to be wrested from the government, are not to be confounded with fair and legitimate contracts and commercial transactions. These are to be sacredly carried into effect, and the good faith which the government owes to its honest contractors, and, indeed, to the patriotic masses of its people, demand the application of the most rigid rules of equity to the unconscionable and dishonest contracts by which enormous profits are sought to be obtained from the government by a system of brokerage unjust to fair and honest commerce, corrupting to public virtue, discouraging to patriotism, and a burning shame and dishonor to the country. Such, in the judgment of the committee, is the character of this transaction, where an effort is made to obtain from the government some \$49,000 over and above the value of the property sold, and that, too, in a transaction involving property at the very best not exceeding \$60,000 in value, and totally worthless if it were not for the necessities of the moment and the misfortunes of the country. The frequency of these transactions, instead of extenuating the offence, demands a more prompt and public condemnation.

ARMY SUPPLIES.

The act of Congress on the subject of advertising for supplies for the various departments of the government was designed to correct a great public evil—a system of corrupt favoritism in government contracts. To prevent the provisions of the act from operating prejudicially to the government in cases of unforeseen emergency, the terms of the act are not of universal application; and the exception, permitting contracts to be made without advertising for proposals in cases where “*immediate delivery*” is required by the “*public exigency*,” has left the enforcement of the law to the option of the public officer on whose integrity the law is, in the main, dependent for its efficiency. If he would act corruptly, he will, under the exception, fail to invite competition. But the exception was necessary; and, at the beginning of the present national difficulties, the purchase of supplies at once, to meet the wants of an army suddenly brought into the field, was unavoidable. No sagacious foresight could, in the ordinary course of events, have guarded against it; and in judging the acts of public officers, in connexion with the questions of integrity and economy the extraordinary emergency must be considered. Yet the committee are compelled to state that, either through corrupt motives, or from a want of reasonable prudence, the act of Congress has been almost a dead letter, even in that large class of cases where it might have been properly applied. Immense supplies, both in the Navy as well as the War Department, the necessity for which, in the ordinary course of things, was easily foreseen, have been purchased privately, under contracts express or implied, without any competition being invited. In one important division of the army (the western) the law has been almost totally disregarded, and even the safeguard of the responsibility of public officers has in many cases been unnecessarily removed by the employment of irresponsible agents in the purchase of large quantities of supplies, even where responsible and experienced and upright public officers were in a position to perform the required duty. A vast amount of supplies have been made on what is called “a requisition.” In the western department, especially, “requisitions” have supplied the place of contracts, and were generally in the following form:

“HEADQUARTERS QUARTERMASTER’S DEPARTMENT,
St. Louis, September 2, 1861.

Messrs. Livingston, Bell & Co. will furnish quartermaster’s department with—

5,000 pairs cavalry boots, 5,000 suits infantry uniforms, 5,000 canteens, 10,000 infantry hats, 10,000 army shoes, 10,000 army overcoats, 5,000 knapsacks, 10,000 pairs socks, 10,000 undershirts, (army pattern.)

All to be made of the best army material, and conform to army regulations and requirements; the cost of manufacture, material, and transportation to be furnished to this department, upon which the

quartermaster will allow a fair mercantile profit to the contractors, Messrs. L., B. & Co.

J. McKINSTRY,
Major and Quartermaster.

A true copy:

H. W. G. CLEMENTS, *Chief Clerk.*''

On such requisitions a single firm in St. Louis—the firm of Child, Pratt & Fox—furnished, from time to time, ordinary army supplies to the value of over \$800,000, apparently without the price of a single article being previously determined. What is meant in these “requisitions” as “*a fair mercantile profit*” may be judged of by the testimony of Mr. James P. Cohan, the bookkeeper of the firm of Child, Pratt & Fox, who testified as follows:

“Question. What would be the per cent. of profit on that sale of blankets?

Answer. About 40 per cent.

Question. Would the profits on the remainder of the goods sold by Child, Pratt & Fox to the government be about the same as the profits on the goods mentioned in your testimony of yesterday and this morning?

Answer. I should think so.

Again:

Question. You have stated that in making up the cost of these articles, and in calculating the profits on them, you charged against them ten per cent. exchange; after having done that, you think the net profits of the firm of Child, Pratt & Fox would average 25 per cent.? If they should be paid in funds which were par here, would not their average profits then be 35 per cent.?

Answer. It would.”

It is not necessary for the committee to say that such contracts are universally injurious to the government; opening up innumerable avenues for fraud, and not justifiable, to any extent, under any circumstances; for even in time of war a reasonable foresight, such as is indispensable in a public officer, will anticipate, after the first emergency, the wants of the nation, and provide for them by open and honest competition. The failure to do so, whatever may be the intention of the officer, is, in general, a criminal neglect, the exception being that indicated by the terms of the statute. The committee would urge the importance of making the statute more definite, and leaving as little as possible to the discretion of the public officer; but in no event to permit an irresponsible agent to purchase supplies for the government. While the investigations of the committee have impressed them with the conviction that, with a few exceptions, the quartermasters and commissaries in the regular employment of the government as members of the old regular army, are gentlemen of ample and equal capacity and fidelity, and in the midst of our misfortunes have been ever jealous for the public welfare, the occasional and irresponsible agents employed by the departments to

purchase supplies have, either through want of experience or of integrity, sacrificed the public interests.

It is proper to remark that in furnishing supplies in the western department the commanding general was peculiarly unfortunate in the character of the men by whom he was surrounded. The system of public plunder which pervaded that department was inaugurated at the very beginning, and followed up with untiring zeal; the public welfare as entirely overlooked and as effectually ignored as if the war was gotten up to enable a mammoth scheme of speculation, at the expense of the people, to be carried out.

To illustrate the importance of system in the purchase of these supplies, as well as the prudence of only employing the responsible agent of government in the execution of public trusts, instead of irresponsible temporary agents, through whom a system of favoritism could be consummated, the committee call the especial attention of the House to the purchase of supplies by Alexander Cummings, in the city of New York, under the direction of the Secretary of War. The purchase of these supplies, without advertising for competition, was clearly justifiable. But the failure to employ in this business an experienced public officer furnishes a just ground of public complaint.

These purchases were made on the spur of a pressing necessity, commencing about the 21st of April; but at that time there were in the city of New York, at the head of quartermaster and commissary departments, gentlemen familiar with every want of the army, familiar with the New York markets, and possessing every other advantage which years of experience could confer. Major Eaton, the assistant commissary general at New York, and Colonel Tompkins, the assistant quartermaster general, at the same city, were fully entitled to the confidence of the government on the score of capacity, experience, integrity, and patriotism. The legitimate duties of each of these gentlemen have, to some extent, been performed by persons entirely irresponsible to the government, and of, at least, limited experience, and, so far as the committee is informed, without any public necessity, for the heads of those departments at New York have been fully able to meet any emergency.

On the 21st of April Alexander Cummings, who for twelve years was the editor of the Evening Bulletin in Pennsylvania, and for the last eighteen months the publisher of a newspaper called "The World," in New York city, received two letters from Hon. Simon Cameron, Secretary of War; the one, apparently a private letter, is as follows:

"APRIL 21, 1861.

DEAR SIR: You will receive another letter from me with this.

We shall need supplies to a very large amount sent here from New York, since the interruption to purchases in Baltimore. They will, I think, much of them, have to come via Easton, Reading, Harrisburg, and the rest by sea, *via* Annapolis. I have called on Thomas A. Scott to take charge of the railroads, and I want you to assist the commissaries and quartermasters in pushing forward their supplies, as well as in aiding them in making purchases at or from New York.

We need men here without delay, and supplies should accompany them if possible.

SIMON CAMERON.

A. CUMMINGS."

The other, more official, after stating that the War Department needed an intelligent, experienced, and energetic man to assist in pushing forward troops and supplies, and calling his attention to the fact of his knowledge of the internal arrangements and connexions of the railroads in Pennsylvania, says: "With this view, I will thank you, in consultation with the officers of the army and navy, to assist in getting vessels, or arranging with the railroad companies for the accommodation of the troops as fast as they are ready to march to their destination, and also to assist them in making purchases or other arrangements, and to communicate at the earliest moment any information of service to this department."

Mr. Cummings called on Major Eaton, assistant commissary at New York, who did not require his services in his department, and on the 24th of April General Wool, in an order, says:

"Alexander Cummings will confer with Colonel Tompkins and Major Eaton, who will give such instructions as will enable Mr. Cummings to carry out the instructions of the Secretary of War. He will also confer with the "Union Defence Committee," who will employ Mr. Cummings in the capacity and in the discharge of the duties as indicated in the same instructions."

No person but the Secretary of War seems to have been aware of Mr. Cummings' peculiar fitness for so important a duty as the purchase of supplies, when great business experience and familiarity with the New York market, and army supplies in general, were indispensable; but on the preceding day, the 23d of April, two days after Cummings was instructed to co-operate with the officers of the government, the Secretary of War issued the following order:

"DEPARTMENT OF WAR, *April 23, 1861.*

In consideration of the extraordinary emergencies which demand immediate and decisive measures for the preservation of the national capital and the defence of the national government, I hereby authorize Edwin D. Morgan, governor of the State of New York, and Alexander Cummings, now in the city of New York, to make all necessary arrangements for the transportation of troops and munitions of war in aid and assistance of the officers of the army of the United States until communication by mails and telegraph is completely re-established between the cities of Washington and New York. Either of them, in case of inability to consult with the other, may exercise the authority hereby given.

SIMON CAMERON,
Secretary of War."

And on the 4th of May Governor Morgan issued the following order:

"ALBANY, *May 4, 1861.*

Duties at the capital preventing a personal exercise of the power

within conferred upon me, I delegate my portion thereof to George D. Morgan on April 26, 1861, being then, by telegraph, first apprised of this appointment.

E. D. MORGAN."

George D. Morgan was a relative and business partner of Governor Morgan, residing in New York city. Governor Morgan seems to have regarded this extraordinary appointment as a franchise, subject to be transferred at pleasure. Under this authority, George D. Morgan purchased articles to the value of from \$15,000 to \$25,000, which were paid for, as a part of his own purchases, by Cummings; and here George D. Morgan's operations under this order terminated, and Cummings after this exercised alone the power conferred.

In connexion with the appointment of Morgan and Cummings to make these purchases, the Secretaries of War and of the Treasury, as is stated by Mr. Cummings in his testimony, placed in the hands of General Dix, Mr. Opdyke, and Mr. Blatchford, of New York, \$2,000,000. This large sum of money was subject to the order of Messrs. Morgan and Cummings, or either of them.—(See page 391.) Messrs. Dix, Opdyke, and Blatchford, were distinguished citizens of New York and prominent members of the Union Defence Committee. But, singular enough, while these \$2,000,000 are apparently placed under the safeguard of these well-known citizens, and indeed left under the custody of the United States sub-treasurer at New York, it was in effect placed at the entire disposal of Messrs. Morgan and Cummings, or of either of them, by the Secretary of War. On that point Cummings testifies as follows:

"Question. How did the second letter differ from the first?

Answer. As near as I can remember it, it gave Governor Morgan and myself authority directly to act, and simultaneously with that authority there was a fund placed in the hands of Mr. Opdyke, General Dix, and Mr. Blatchford.

Question. From whom did you obtain that authority?

Answer. From the War Department.

Question. What were you and Governor Morgan authorized to do?

Answer. It authorized us to draw upon the funds in those gentlemen's hands.

Question. By whom was the fund placed in those gentlemen's hands?

Answer. By the Secretary of the Treasury and by the Secretary of War, jointly, I think.

Question. But it was placed there subject to your order?

Answer. Subject to our joint order, or to the order of either of us, I think. Either of us was authorized to act in the absence of the other."

So that Messrs. Dix, Opdyke, and Blatchford were mere treasurers, holding funds subject to the order of Alexander Cummings. It is true that Cummings says that the committee (Dix, Opdyke, and Blatchford) made purchases, chartered vessels, &c., to the amount of \$90,000; yet he says that even where they made purchases, he had to make requisitions on them for the money to pay with.—(Page 392.)

Within a few days after Cummings was invested with this authority,

he drew from the committee, through the sub-treasurer, Mr. Cisco, at New York, \$250,000, \$90,000 of which, as Cummings insists, was applied to pay for the purchases made by the committee itself, or by Mr. Blatchford, a member of it, and the residue, \$160,000, he placed to his own credit at the Park Bank, of New York city, and he states in his evidence that he made purchases for the government to the amount of \$160,000.

Mr. Cummings employed a clerk, Mr. James Humphrey, and exhibited in that, as in most other transactions, a confiding disposition hardly consistent with a thorough business man engaged in public duty. He testifies in reference to his clerk as follows:

“Question. Had you any other clerk than James Humphrey?

Answer. No, sir.

Question. Is he a resident of this city?

Answer. Not now; but he was here then.

Question. Where did you find him?

Answer. He was recommended to me.

Question. By whom?

Answer. I cannot state.

Question. Do you know what his position was previous to that time?

Answer. I think he was recommended to me by Mr. Thurlow Weed, but I am not sure.

Question. Do you know what his previous business was?

Answer. I do not.

Question. Do you know where he had been in business?

Answer. I do not know whether it was here or in Albany.

Question. Did you ascertain whether he had been in business here or in Albany?

Answer. No, sir.

Question. Did you, before you employed him, ascertain anything about him?

Answer. Yes, sir; I remember now that Mr. Weed told me he knew all about him, and upon his recommendation I took him.

Question. What did he tell you in reference to the experience of this man?

Answer. He only told me he was entirely competent and reliable.

Question. Did you ask him what the man had been doing?

Answer. No, sir.

Question. Did you know when you employed him whether he had been a bookkeeper or a lawyer?

Answer. No, sir; I relied upon the statement of Weed that he was reliable.”

This clerk was authorized to make purchases.

Mr. Cummings acted in this extraordinary character for about fifteen days. The \$90,000 was paid to Mr. Blatchford, or to the committee with which he was acting, by Mr. Cummings without any examination into the character of the expenditures, either by himself or anybody else. In reference to his drawing in their favor for the \$90,000. He testifies as follows:

“Question. Can you give me any account of their proceedings for which you thus drew requisitions upon them to credit themselves with?

Answer. I cannot, but their vouchers are all prepared and will show for themselves.

Question. Have you the vouchers?

Answer. No, sir; Mr. Blatchford has them.

Question. He has the vouchers upon which you authorized him to pass to his own credit money in his own hands?

Answer. Yes, sir; I understand that the committee has them, and Blatchford was the acting man.

Mr. Cummings seems to have expended the \$160,000 placed to his own credit in the Park Bank according to his own fancy. He says he expended about \$25,000 in clothing, and on that point says

Question. Of whom did you purchase clothing?

Answer. I cannot recall the names now. They were nearly all strangers to me. I will produce the vouchers.

Question. Did you purchase the clothing in the market?

Answer. Yes, sir. I called to my assistance a clerk, through whom I purchased what I could.

Question. What were the clothes, full suits?

Answer. No, sir. There were two items which covered the larger part of the purchase—pantaloon and hats.

Question. What did you do with them?

Answer. I forwarded them to Annapolis.

Question. On what requisition did you purchase hats and pantaloons?

Answer. No requisition.

Question. How came you to purchase hats and pantaloons rather than anything else?

Answer. Because I thought they would be needed, as hot weather was coming on. I had seen the soldiers pass through here with warm winter clothing, which I believed they could not endure when warm weather should come on.

Question. Then you were guided by your own information and judgment as to what would be needed at Washington?

Answer. Yes, sir.

Question. Had you any other guide?

Answer. No, sir.

Question. Had you any limits imposed upon your actions except such as were imposed by your own discretion?

Answer. No, sir.

Question. You purchased such kind, quality, and amount as was dictated by your own judgment solely?

Answer. Yes, sir.”

The clothing was linen pantaloons and straw hats to the amount of over \$21,000. Again, on this subject, Mr. Cummings says:

“Question. Did you consult with any authority as to the propriety of introducing linen pantaloons into the army?

Answer. Not until after it was done. After it was done I talked with Major Sibley, and he said that was not in accordance with the army regulation; but then I had ceased to purchase."

Mr. Cummings purchased provisions and groceries. On this subject he says:

"Question. Can you give me the name of any firm of whom you purchased any of those groceries or provisions?

Answer. I think some supplies were purchased of Corning & Co., of Albany.

Question. Do you know what they were?

Answer. I think they were provisions.

Question. Did you go to Albany to see the firm?

Answer. No, sir.

Question. With whom did you do the business?

Answer. With Mr. Davidson, a member of the firm.

Question. Where did you see him?

Answer. At the Astor House.

Question. What was the nature of the supplies you purchased of that firm?

Answer. They were provisions.

Question. Did you ascertain from him beforehand as to his familiarity with that branch of business?

Answer. I supposed he knew all about it.

Question. The provisions were of the kind in which he dealt?

Answer. I supposed so.

Question. Did you seek him out?

Answer. I met him at the Astor House.

Question. Did you seek him out for this purpose?

Answer. No, sir; he came to me.

Question. Then Davidson came to you and proposed to sell you something which you now think was some kind of provisions?

Answer. Yes, sir.

Question. What was the amount of that bill?

Answer. I do not remember. The vouchers will show.

Question. Was it large or small?

Answer. It amounted to several thousands of dollars.

Question. Would it exceed or fall short of \$10,000?

Answer. I cannot say. The bill will show for itself.

Question. Did you see the articles?

Answer. No, sir.

Question. How were they furnished?

Answer. By him; and put on board of the vessel.

Question. What knowledge had you of the quality of the articles furnished?

Answer. I could not have much knowledge of it. That was out of question.

Question. Did you employ any gentleman to see the articles?

Answer. Only my clerk, Mr. Humphreys.

Question. Were those articles brought from Albany here and shipped?

Answer. I suppose so.

Question. Were they in Albany when you made the purchase?

Answer. I suppose so.

Question. Had you any absolute knowledge upon that point?

Answer. No, sir.

Question. What was Davidson's statement to you in reference to that thing?

Answer. That he was familiar with that kind of business—that he knew the value of the articles of which the government were in need.

Question. What business did he say he was familiar with?

Answer. I think, the purchasing of supplies and provisions.

Question. With what branch of the supplies you were then purchasing did he say he was familiar with?

Answer. Mainly beef and pork, I think.

Question. Did he tell you he was of the firm of E. Corning & Co.?

Answer. I assumed that.

Question. Had you knowledge then of the particular business in which E. Corning & Co. were engaged?

Answer. No, sir; except as dealers in produce.

Question. Then you relied entirely on his own statement?

Answer. Yes, sir.

Question. And whether the firm was engaged in the provision business you did not know?

Answer. That was my impression.

The firm of E. Corning & Co. were a firm, not in the grocery and produce but in the hardware business, in Albany, New York. Mr. Cummings was probably imposed on from his want of general business experience.

Again :

Question. What was the next considerable item of your purchases?

Answer. Hard bread.

Question. And what amount of that did you purchase?

Answer. I do not now remember the precise amount.

Question. Did you purchase it personally?

Answer. My clerk purchased it.

Question. From whom?

Answer. From a house in Boston, I think.

Question. Did you have any personal knowledge of that transaction?

Answer. No, sir.

Question. Did you furnish the clerk with the funds, or did you draw in favor of the seller?

Answer. It was paid for after it arrived here.

Question. Paid to whom?

Answer. Directly to the party selling, I suppose.

Question. By you?

Answer. By my clerk, I suppose.

Question. What was your own personal connexion with the transaction?

Answer. Nothing further than that I ordered the purchase to be

made and the article to be shipped. I was spoken to about the subject first, and it was thought to be wise to make the purchase."

Mr. Cummings also chartered vessels. He testifies, with reference to the charter of the Coatzacoalcos, as follows:

"Question. With whom did you make the contract?

Answer. With Mr. Roberts, the owner.

Question. Did you make a personal examination of her?

Answer. I had previously been upon her.

Question. Did you invoke the aid of anybody else in making this contract with Mr. Roberts?

Answer. I think not, specially.

Question. Did you examine her boilers?

Answer. No, sir.

Question. What was her tonnage?

Answer. I do not know.

Question. For how long a time did you charter her?

Answer. I am not sure whether there was any time specified.

Question. Before the contract was concluded with him what other inquiries did you make for ships to charter?

Answer. What ships were here and what could be had was a subject of constant inquiry at that time, and I heard of a number. Several persons came to see me about ships.

Question. What other ships did you examine?

Answer. I did not examine any ships. I took it for granted that they were what they were represented to be.

Question. What other ships did you go to see before making this engagement?

Answer. I do not think I went to see any ships.

Question. You went to see this particular ship, did you not?

Answer. I do not think I went to see her with a view to chartering her. I had been on her previously.

Question. Then you engaged this ship from your knowledge of her incidentally acquired?

Answer. Yes, sir; and upon the representation of Mr. Roberts and others who I supposed knew.

Question. On what day had you been upon her?

Answer. On the Sunday previous, to see Colonel Burnside and his troops.

Question. Did you acquire any personal knowledge of the character of the ship at that time?

Answer. No, sir.

Question. Had you then when you engaged the ship, any personal knowledge of her character?

Answer. I said I had no knowledge of her, other than that acquired by a mere casual visit to her.

Question. What personal knowledge, then, had you of the character of this ship previous to thus engaging her?

Answer. I relied mainly upon the representations of her owner.

Question. And that is the extent of your knowledge?

Answer. Yes, sir.

Question. Was this the first ship you ever chartered?

Answer. I do not know which was the first. I chartered two or three about that time.

Question. Was this, then, your first experience?

Answer. This was the only experience I ever had in chartering vessels.

Question. State the terms of the charter-party.

Answer. I cannot.

Question. Cannot you give us the substance of it?

Answer. I cannot.

Question. How much did you pay?

Answer. Either \$1,000 or \$1,250 a day. The price was considered very high, but not more than was being paid at the time, and in the pressure we thought it wise to take her."

Mr. Cummings interested himself in other purchases for the government.

"Question. Since the termination of your duties under that commission, have you had any other transactions with the government of any kind?

Answer. Not in the way of contracts. I had one transaction which, perhaps, might come under the scope of your question. When at Washington, after that, I heard a great deal of clamor on account of the want of shoes. Among others, I had heard General McDowell say there were regiments that could not be marched on account of the want of shoes; and I stated this fact to the Secretary of War. He gave me a letter to the assistant quartermaster at Philadelphia, Colonel Thomas, telling him that if he had not a sufficient supply, to see that a sufficient supply for a force of not less than 200,000 men was obtained, taking care that no greater sum should be paid therefor than the government had before paid. I took that letter to Colonel Thomas, and he authorized me to procure shoes and forward them to him, if I could find anybody to make them. He ordered 75,000 pair.

Question. What did you do?

Answer. I came to Benedict & Hall, of this city, a large firm in Broadway, very well known, and told them that Colonel Thomas had told me that it cost the government, to make their own shoes, about \$2 20 a pair, which was the amount he had limited me to pay. They said they would undertake to make them at that price, although the government standard really made the shoe worth more than that. They took the order.

Question. When was this?

Answer. It was in May or June."

The committee have no occasion to call in question the integrity of Mr. Cummings. Mr. Hall, in his testimony, says that he did not pay Mr. Cummings anything for his services, but Mr. Cummings simply requited, in this way, the kindness of an occasional temporary loan of \$500 or \$1,000.—(See page 509.) "From a dollar and ninety cents to two dollars per pair would have been a fair price for the shoes, (sewed.) If pegged, \$1 25 per pair."

Mr. Cummings says he makes no charge against the government for his services; and as to the settlement of his accounts he testifies

at the time of his examination, (Sept. 6,) four months after this transaction had occurred, as follows :

“Question. And what amount of supplies have you purchased up to this time ?

Answer. This authority extended over a period of fifteen days, when I received a letter from the Secretary of War, saying that the communication had been reopened, and that the purposes of my appointment were now accomplished, and the necessity for it having ceased, there would be no further occasion for action outside of the regular authorities of the government. The authority under both letters ceased at the expiration of about fifteen days from the date of the last one, and probably from the date of the first one. There also came at the same time a letter from the Secretary of the Treasury to those gentlemen I have named, asking them to deposit with Mr. Cisco the remaining funds in their hands. They accordingly deposited with Mr. Cisco, in round numbers, \$1,750,000.

Question. The whole of your proceedings under both letters covered how much money ?

Answer. About \$250,000.

Question. \$90,000 of which was to refund those gentlemen what they had themselves expended ?

Answer. Yes, sir ; that is my recollection.

Question. And that left you \$160,000 with which to cover your own expenses ?

Answer. Yes, sir.

Question. Has the government called upon you to settle this account ?

Answer. The Secretary of War spoke to me about it recently, and I told him as soon as I obtained the vouchers from Mr. Blatchford they should all be forwarded together.

Question. How long since you filed your vouchers with the government for the expenditure of the \$160,000 ?

Answer. The vouchers I still have, but I returned to the department a statement of the articles forwarded.

Question. How long since you made that statement to the government ?

Answer. There has been no statement forwarded to the government except a statement of the articles furnished.

Question. Has the government called upon you to furnish the vouchers ?

Answer. I do not know whether they have called upon me formally, but I have stated that I was ready to forward them at any time.

Question. How long is it since your authority was superseded ?

Answer. It was some time in May ; but all the transactions were not closed in May. There were some purchases of coal. I waited to have that shipped, and then I waited for Mr. Blatchford to return to the city, in order that I might get the two sets of vouchers and forward them all.

Question. Was the coal purchase an extensive purchase ?

Answer. About 2,000 tons.

Question. From whom did you make that purchase ?

Answer. Of the parties who are furnishing the Navy Department with coal.

Question. And at the same price?

Answer. Yes, sir.

Question. When did you make the purchase?

Answer. It was ordered about the time their first purchases were made, but it was not all shipped.

Question. Was there any difficulty in the ordinary officers of the government making that purchase under contract?

Answer. They had no contract.

Question. Was there any difficulty in their furnishing articles of that kind?

Answer. Not that I know of.

Question. Through whom was the coal purchased?

Answer. I asked Mr. John Tucker to purchase it, and the reason was that he was in Philadelphia, and was familiar with the whole coal business.

Question. Was there not a quartermaster in Philadelphia?

Answer. Yes, sir.

Question. And a commissary?

Question. Would not that supply naturally be furnished by the quartermaster?

Answer. Yes, sir; it would, if ordered by him.

Question. The quartermaster was a competent person, was he not?

Answer. Yes, sir.

Question. Why did you not do it through the proper officer of the government?

Answer. Because I did not think it necessary. I supposed my authority covered the whole ground."

Mr. Cummings, in expending this money, does not seem to have regarded it important to act in concert with the regular government officers.

"Question. Did you consult with General Wool as to the character of the purchases you made?

Answer. No, sir.

Question. Did you have any conference with officers of the government who, under other circumstances, would have had control of the department of business in which you are engaged?

Answer. I went to Major Eaton, assistant commissary here, and I talked with Colonel Tompkins.

Question. Did you make any purchases under their supervision or direction?

Answer. No, sir.

Question. Did you do any one of the acts which you did do under this authority in concert with either of those officers?

Answer. I can hardly say that I did."

He gave no bond for the faithful appropriation of the large sum of

money placed under his control, and took no oath of office. His relations to the Secretary of War are thus stated :

“Question. (By Mr. Holman.) You are personally acquainted with the Secretary of War?

Answer. Yes, sir.

Question. How long have you been acquainted with him personally, and what are your relations politically?

Answer. I have been acquainted with him for many years, and my personal relations with him are very intimate, and we have been politically acting together many years.”

After Mr. Cummings had concluded his testimony and taken the same for revision, he added the following note :

“I have retained, under authority of the Secretary of the Treasury, by Messrs. Dix, Blatchford, and Opdyke, one hundred and forty thousand dollars, besides what I have stated in my testimony, which is accounted for by the vouchers.

A. CUMMINGS.”

Mr. Cummings expressly stated that he had drawn out of the hands of Messrs. Dix, Opdyke, and Blatchford \$250,000 of the \$2,000,000 placed in their hands, and had paid to them \$90,000 to cover the supplies they had purchased, and had expended himself \$160,000, and that the residue, \$1,750,000, by order of the Secretary of the Treasury, was re-deposited with Mr. Cisco, the sub-treasurer. Still, we are informed by this note that Mr. Cummings has retained \$140,000 of the money, over and above that stated in his testimony, (\$250,000,) “which is accounted for by the vouchers.” This item seems to have been overlooked by him in his testimony. One hundred and forty thousand dollars is in his hands, over and above the \$160,000 for which he has filed vouchers in the War Department, and over and above the \$90,000 for which the vouchers are retained by Mr. Blatchford; and he deems it sufficient to state in general terms that it is “accounted for by the vouchers.” What vouchers; and who has got them? Can the Secretary of War pretend that the national peril and the necessity for immediate action justified these irresponsible expenditures of the public money, with no settlement for four months afterwards, even if there had been no responsible and experienced public officers in New York to perform the duties?

Among the *army supplies* purchased by Mr. Cummings, are the following:

280 dozen pints of ale and porter, \$1 87.....	\$525 00
35 quintals codfish, 300 boxes herring.....	214 37
200 boxes cheese, 26 packages butter, and cartage....	1,541 79
6 barrels of tongues.....	127 60
1,670 dozen straw hats.....	4,145 68
19,680 pairs of linen pants.....	17,220 00
23 barrels of pickles.....	
25 casks of Scotch ale, price not stated....	
10 casks of London porter, price not stated.....	
790 Hall's carbines, (rej'd arm,) \$15 each; 35 cases, \$35	11,890 00

It is not unnecessary to say that these are not understood to be "*army supplies*," as the term is used, except the 790 Hall's carbines, which is the same arm sold by the War Department in the following June for \$3 50 each.—(See page .)

Some of the above articles were shipped by the Cataline, which was probably loaded on private account, and not being able to obtain a clearance the cargo was in some way, through Mr. Cummings, transferred over to the government, *Scotch ale, London porter, selected herring*, and all.—(See page for the cargo of the Cataline.)

The committee call attention to the accounts furnished them by Mr. Cummings. He says in his testimony, (page 397,) that Messrs. Dix, Opdyke & Blatchford purchased supplies, and chartered vessels &c., to the amount of \$90,000, for which he drew in their favor on the funds deposited in their hands; yet in furnishing the account for their expenditures he makes it \$164,971 38, and swells his own account to a sum largely exceeding the amount mentioned in his evidence. It would seem impossible that these accounts should ever be intelligently settled, from the miscellaneous manner in which the business has been conducted.

Mr. Cummings had no general acquaintance with business in New York. He had been a newspaper editor in Pennsylvania for twelve years, and had been in New York as the publisher of another paper for some eighteen months. He was the intimate personal and political friend of the Secretary of War, and "acquainted with the internal arrangements and connexions of the railroads of Pennsylvania" over which supplies are to be shipped, and he is invested with the control of \$2,000,000 to purchase equipments for our army and charter vessels for transporting troops and supplies. He takes no oath and gives no bond. Without any occasion for calling in question the personal integrity of Mr. Cummings, his want of fitness for the position, from want of experience, is very manifest, and yet at that very time there are in the same city of New York gentlemen of the highest character whose qualifications, integrity, and patriotism have never been questioned, so far as this committee is informed, filling the public offices through which have always been performed the very duties assigned to Mr. Cummings. Their great experience in their respective departments, as commissary and quartermaster, was at that moment of peculiar importance to the government; yet they are virtually superseded. The committee has been unable to perceive any possible reason for this.

In the judgment of the committee, the employment of Mr. Cummings by the Secretary of War to purchase army supplies, charter vessels, &c., to the exclusion of the competent officers in the public employment at New York, was unjustifiable and injurious to the public interests, and a dangerous precedent. It is the system they question and not the integrity of the agent. The committee call the attention of the House especially to the failure of the War Department to require an adjustment of these accounts, four months having elapsed since the supplies were furnished, and still even the vouchers for the expenditures had not at that time been sent to the

War Department. And the Blatchford vouchers are still unfiled, and the accounts still unsettled, as the committed are informed, though it is proper to state that the Secretary of War has since requested their settlement. The public interests demand more vigor, system, and promptness, and no condition of public affairs have justified this loose and irregular performance of public duties. Such a system of public policy must lead inevitably to personal favoritism at the public expense, the corruption of the public morals, and a ruinous profligacy in the expenditure of the public treasure, organizing an army of sappers and miners whose covert assaults on the nation would scarcely be less effective than the open assaults of its traitorous enemies.

In the judgment of the committee, the purchase of supplies for army and navy purposes by private contracts, when competition might be invited, and through irresponsible personal friends of parties holding position under the government, when regular and responsible agents of the government can be employed, cannot be too severely condemned. Especially at this hour of national peril, the people have a right to expect fidelity and singleness of purpose on the part of their agents.

The subjects of railroads and transportation are only incidentally referred to ; the committee, with the consent of the House, will report specially on these subjects at a future time.

CATTLE.

In this matter there is much evidence of gross mismanagement and culpable carelessness in making contracts, together with a reckless improvidence of the means of the government. Evidence exists of large contracts for cattle having been made without any advertisement for bids, or any effort being made by the agents of the government to satisfy themselves whether the price to be paid were exorbitant, or even extortionate. Cattle were furnished at prices per pound, live weight, very little, if any, below the retail prices for the meat in any of the markets of the country, and the contractors, without themselves furnishing a single hoof to the government, made large sums of money by sub-letting the contracts to other parties, who assumed all the responsibility and all the risks, and still made in profits nearly as large sums as the original contractors. Take, for example, the contracts with Sibley, Tyler, Laughman, and Dyer, for ten thousand head of cattle, "more or less," at eight cents per pound, live weight, delivered in Washington, and $5\frac{3}{4}$ cents delivered in Harrisburg. This contract was sub-let to Williams and Allertons, of New York, at $6\frac{1}{2}$ cents per pound delivered at Washington, and five cents per pound delivered at Harrisburg.

Under this contract 1,136,765 pounds were delivered at Washington, for which Sibley & Co. received from the government \$90,941 20; at Harrisburg, 2,028,892 pounds, for which they received \$116,661 29.

Williams and Allertons delivered these cattle at Washington for \$73,889 72; at Harrisburg for \$101,444 60. Sibley & Co. received from government \$207,602 49, and paid to Williams and Allertons \$175,334 32, leaving profits to Sibley & Co. \$32,268 17; which amount of profits is so much money extorted from the govern-

ment, through carelessness or favoritism on the part of government officials who awarded the contract, for Williams and Allertons admit having made profits to themselves amounting to from \$15,000 to \$25,000. In this connexion is submitted the testimony of Joseph H. Williams and David and Archibold M. (pages 160 and 158) ——— Allerton.

We have here not only evidence of gross mismanagement, a total disregard of the interests of the government, and a total recklessness in the expenditure of the funds of the government, but there is every reason to believe that there was collusion upon the part of the employés of the government to assist in robbing the treasury, for, when a conscientious officer refused to pass cattle not in accordance with the contract, he was in effect superseded by one who had no conscientious scruples in the matter, and cattle that were rejected by his predecessor were at once accepted.

With such a state of things existing, if officers of the government, who should be imbued with patriotism and integrity enough to have a care of the means of the treasury, are ready to assist speculating contractors to extort upon and defraud the government, where is this system of peculation to end, and how soon may not the finances of the government be reduced to a woful bankruptcy? Your committee feel that they cannot too strongly condemn the manner in which this contract has been awarded, nor can they fail to censure the loose manner in which other contracts have been allowed to be fulfilled.

THE PURCHASE OF HORSES AND WAGONS IN NEW YORK.

The committee find great irregularities in the purchase of horses and wagons for the use and equipment of regiments.

Men claiming to be in the employment of the government, by and with the evident consent and collusion of some of the officers of these regiments, have committed the most shameless frauds and peculations upon individuals and the government, according to the testimony of witnesses.

From the testimony of John O. Taylor, of New York, taken September 6 last past, it appears that Colonel Riker, Quartermaster Yates, and Sutler Isaacs, of the Anderson Zouaves, and Lieutenant Colonel Kilpatrick, of the Ira Harris Light Cavalry, are implicated in these transactions, which bring upon the service dishonor, and upon the parties concerned disgrace.

It appears from the evidence of said Taylor (see report, page 173) that a man, claiming to be an agent of the government, and who was buying horses for the Anderson Zouaves, by the name of Augur, with one James L. Dayton, of 111 Nassau street, New York, also claiming to be an agent of the government, bought of said Taylor six horses, a top buggy, and two sets of harness, for the sum of \$970. These parties presented a requisition upon the government, signed and countersigned by the colonel (Riker) and quartermaster, (Yates,) for \$970, to pay for four horses, accompanied with a receipt from Colonel Riker, which read substantially in this way, (according to the testimony of witness :) "Received of J. O. Taylor the following articles ;"

and for a more definite explanation a portion of the testimony of Mr. Taylor is herewith submitted.

Then followed an enumeration of the property.

“But there were only four horses mentioned, instead of six, and nothing said about the carriage and harnesses; but the price put upon the four horses was equal to that of the six horses and all the other property I sold—\$970. I said that would not do; that the government would not pay such a price for the horses; that I understood they were paying only about \$125, and this bill makes them worth over \$240 each. He replied, “Never mind; the regiment has the privilege of buying what they want for themselves, and they want this property.” I afterwards understood that Augur took the top-wagon and one horse for his own use, and that James L. Dayton took another horse, or at least that it was delivered at his stable, and the other four horses the quartermaster of the regiment came to my stable and got. A few days after the property was delivered I saw Mr. Dayton and asked him when I should get the pay. He said it would be thirty days; that when he went to Washington he would get the account acknowledged by the government, and would get the money for me. From that day to this I have not been able to find James L. Dayton, and I have not been able to get my pay. I did not want the transaction to go into the bill in that way, and protested against it.”

Question. Who was the officer of the government who first came to you?

Answer. Augur, I think, was a mere go-between. The first military man who came to me was the quartermaster of the *Anderson Zouave* regiment.

Question. Augur, I understand, comes and makes the bargain with you?

Answer. Yes, sir.

Question. Then what does he bring to you from the officer of the government?

Answer. The quartermaster of the regiment himself.

Question. Then what does the quartermaster do?

Answer. The quartermaster gives me a requisition upon the government for the payment of four horses, amounting to the value of the whole property I sold to Augur—\$970—and Augur takes two horses and the carriage, one of which horses he keeps himself and the other he carried over to James L. Dayton.

It appears from all the evidence, which is detailed in the record of evidence accompanying this report, that the parties to these discreditable transactions had a perfect understanding with each other, and engaged in a system of corrupt pecuniary gains by means of requisitions and receipts signed in blank, and false invoices, and at a time when the overtaxed finances of the government and the confidence of a generous and patriotic people demanded the most rigid integrity.

It further appears from the testimony of Marcellus Randall (page 179) and Isaac Mix, jr., (page 183, report,) both dealers in carriages in the city of New York, that a similar transaction was attempted

with them by the same parties, but the honesty of these men was an overmatch for the temptation to plunder, and that species of reckless indulgence which seems to have increased the morbid appetite of many, who, through the misfortunes of our country, have been placed in the accidental relation of officer, agent, or furnisher. They testify that Auger and Dayton had blank requisitions and receipts from Colonel Riker and Quartermaster Yates, and that these officers were not ignorant of the manner in which they were attempted to be used, for when Colonel Riker was informed of their mode of doing business, instead of expressing surprise or indignation, he simply remarked that he supposed they ought to have something for their trouble.

It seems proper to say in this connexion that these facts were laid before E. Delafield Smith, United States district attorney, who promptly gave his aid, and had Augur and Dayton arrested.

In the examination of Mr. John O. Taylor, he refers to another matter, which should not, in the judgment of the committee, escape mention. It seems that he (Taylor) purchased the right to a horse contract from the Rev. Sidney Corey, a clergyman, residing in 37th street, near Fifth Avenue, New York city.—(See page 177 of testimony.) The contract was from Lieutenant Colonel Kilpatrick, of the Ira Harris Light Cavalry, and authorized Mr. Corey to purchase two hundred horses, mares included, running from fourteen to sixteen hands high, of any color but white, Lieutenant Kilpatrick to inspect them himself; price \$120 each.

The reverend gentleman informed Mr. Taylor that the lieutenant colonel was a particular friend of his, and gave him the contract as a special favor, and that he could obtain the contract for the purchase of one thousand horses if he desired it. An arrangement was finally made by which Taylor paid Corey \$200 cash in hand, and was to give him one-half of the profits. After purchasing seventeen horses, Lieutenant Colonel Kilpatrick appeared, with one Chase, who was said to belong to the Ira Harris Light Cavalry, to inspect them. Chase took Taylor aside and said, "Unless you will give me two dollars apiece for each horse, I will not pass a horse." Taylor paid the two dollars each, but, according to his relation of the case, was so utterly disgusted that he gave the contract back to the said Corey. He afterwards learned that he (Corey) resold the same for a bonus of \$500 to parties who had gone west to purchase horses to fill it.

From the facts elicited in this branch of the investigation, it appears that military officers and agents of the government, or men who in some sense were acting as agents of the government, including a minister of the gospel, have been guilty of gross abuses upon private rights and upon the public treasury, and in other respects have proved faithless to the trust committed to them.

CONTRACT BROKERAGE.

The committee call attention to a case of the prostitution of official position to the base purpose of illegal gain, as set forth in the evidence of Samuel A. Hopkins, page 501.

A man by the name of Wood, enjoying the confidence of the President, was appointed Commissioner of Public Buildings, a place not only requiring great business capacity, but unflinching integrity.

Wood, from his own declarations, as disclosed in the evidence, made himself an instrument for plundering the government. Mr. Hopkins visited Washington to bid on the contract for engraving treasury notes and bonds, and the difficulties he experienced are fully set forth in his testimony.

The evidence disclosed the fact that Wood said to witness, "that his salary was of no earthly object to him; that he would not stay in Washington for his salary if he could not make something outside; that he had already made three dollars apiece on a lot of guns sold to the government, and that he had an opportunity, situated as he was, to operate in that kind of a way every day."

To show the manner of letting the contracts referred to, the witness says: "I found, upon inquiry at the proper office, that a circular had been issued by the Treasury Department to the National Bank Note Company and the American Bank Note Company asking them to submit specimens of treasury notes and bonds according to accompanying specifications. Then followed a description of what they wanted. We having had no such notice, of course could not compete with them, and Mr. Ormsby submitted to the Treasury Department, with specimens of his work, and with his recommendations, the statement taken from the New York papers of the arrest, by the marshal, of the officers of those companies, which contained a minute statement of the size of the plates, the number of the plates for the treasury notes and bonds for the Southern Confederacy, which those companies had been engraving. Soon after that Mr. Wood, the Commissioner of Public Buildings and Grounds, came to me and said he wanted to see me, and proposed to take a walk. I consented, and we walked out into the street, went up towards the Treasury building, and sat down upon some flagging stone. He said to me: "I understand you are here with Ormsby, trying to get work from the government in the way of engraving. I want to tell you, as a friend, that there is no use at all of your trying; that the work will be given to the American Bank Note Company and the National Bank Note Company." I replied, "How is that? I have as good a right as anybody." "I will tell you why," he said: "Between you and me, I am interested in the American Bank Note Company myself, and have been at work for them here, and have got things all right; and Dennison, the naval officer of New York, and his friends F. P. James and William H. Marston, are interested in the National Bank Note Company, and they have got the thing figured all right." I said to Mr. Wood, "Mr. Wood, I don't know how this thing is, but I have been in Washington several times to try to get appointments, or to supply the government with something they wanted, and although I have offered to do or furnish as cheap or cheaper than other parties, I get no kind of attention, and these things are managed in such a way as to shut out men who should have a fair chance. I have come now and brought with me a small steel rifled cannon, of which there are twenty-five in one battery." I gave him a description of the

gun. He replied, "I can help you do that; I can put you in the way of doing that. What do you want for them?" I said, "They were built by contract three or four years ago, for the Mexican government, for \$1,175 each, but I am authorized to sell them for \$500 each." Says he, "Well, I can help you in that matter. Say nothing about the price; we can make something out of that. If the government wants them, they can as well afford to pay more as less. I will take you down and introduce you to Mr. Leslie, the chief clerk of the War Department." I said I had as yet been unable to reach anybody in the War Department."

The committee, in the discharge of their duty, made a representation of the above facts to the Executive, but before any action was taken government was relieved from the presence of an unworthy official by his resignation.

FORTIFICATIONS AT ST. LOUIS.

Your committee now approach the subject of the building of the fortifications of St. Louis. The circumstances surrounding this work are of the most extraordinary character, and are marked by extravagance, recklessness, insubordination, and fraud.

As to whether any fortifications were, or not necessary is a question for military men, which your committee will not presume to pass upon in this connexion. Brigadier General Curtis, however, late a respected member of the House of Representatives, and a civil engineer, who had at one time been an engineer for the city of St. Louis, testified before the committee that he had seen no exigencies since the commencement of the war that would, in his judgment, require the erection of any such fortifications.—(Page 615.) The Secretary of War, in an order dated the 14th day of October last, declared them unnecessary, and ordered the work thereon to be discontinued.

But the committee are prepared to say, that if any fortifications were necessary, it is no question with them that they might have been built by the soldiers without material cost to the government, the same as they have been built at Washington, Cincinnati, Cape Girardeau, Bird's Point, Cairo, Fort Holt, Paducah, and perhaps other places. The fortifications are ten in number, (numbered from 1 to 10,) forming a cordon around and within the suburbs of the city.

In answer to the question, under whose supervision these forts had been constructed, General Curtis answered:

"Under the general supervision of the chief engineer, Major Franz Kappner, and another man, F. Hassendeubel, signing himself "colonel commanding engineer corps." Both of them hold appointments under General Frémont. There are also several other officers I met claiming that they held similar appointments in the corps of engineers, but none of them, as I could find, are regular engineers in the army of the United States, or have been regularly mustered in under the law.

Question. Whom did you find connected with the engineering department of the army of the United States there?

Answer. They were generally Hungarians, Austrians, and Prus-

sians, I think, and none of them connected with the engineering department of the army of the United States, either the topographical or the engineering service of the United States, but the chief is a man of evident ability and integrity of character, though a man who can scarcely speak our language."

Only two days' work had been done on any of the forts (and that was done on forts No. 3 and 4) before the 16th day of August last. The location of the forts had, however, been fixed previous to this time by Messrs. Asboth, Hassendeubel, and Fiala, gentlemen holding appointments only from General Frémont. No engineer or other officer of the regular army of the United States appears to have been at all consulted in relation to these fortifications. The officer holding the appointment of chief engineer under General Frémont, Major Franz Kappner, (accompanied by his accomplished son as an interpreter,) appeared before your committee and gave very full evidence in regard to the works. Major Kappner impressed your committee, as he did General Curtis, as "a man of evident ability and integrity of character," and they are gratified in being able to say they find nothing in his conduct which challenges his integrity or patriotism. Major Kappner had been employed in fortifying Cape Girardeau, but on the 16th day of August he was called to St. Louis to attend to the building of the fortifications there. He employed workmen by the day, and commenced building the forts numbered 1, 2, 3, 4, and 5, being half of the whole number. These five forts were one-fifth larger, on an average, than the five numbered 6, 7, 8, 9, and 10. The five forts from 1 to 5 inclusive, built by Major Kappner by day's work, cost \$60,000, and he testifies that the other five, from 6 to 10 inclusive, could have been built for at least that sum. These last five were commenced about the last of August or first of September, and from that period all the forts were in progress of construction at the same time. Their building was superintended at first by Mr. Hassendeubel, and after he left, Major Kappner *superintended* the whole of them. After the work had been going on in this way from the last of August or first of September a contract was "made and entered into on the 25th day of September, 1861, between Brigadier General J. McKinstry, quartermaster United States army, acting by and under the special orders and direction of Major General John C. Frémont, commanding western department, of the first part, and E. L. Beard, of St. Louis, of the second part."—(See contract, page 886.) Beard is a Californian, who followed Frémont to St. Louis. Thus it will be perceived that for twenty-five days before this contract had been entered into, the work had been progressing on all of these forts under the plans made by Major Kappner. Major Kappner was building himself the five numbered from 1 to 5 inclusive, yet the contract stipulates that Beard was to "construct *all* the fortifications required by the engineer in charge of the work for the defence of the city of St. Louis." Notwithstanding Kappner was building five of these forts himself by the day's work of men employed by him, and notwithstanding, further, that the work upon the other five, from 6 to 10 inclusive, under the superintendence of Hassendeubel, were progressing

from the 1st to the 25th of September, yet the contract made on the 25th of September goes back and covers the construction of “all the fortifications.” Though the contract was entered into by McKinstry, it is set out in the body of the instrument that he acted “under the special orders and direction” of General Frémont. Clements, the chief clerk of McKinstry, testifies (page 887) that McKinstry was directed from headquarters to make the contract. Therefore, although signed by McKinstry, it is the contract of General Frémont himself, made by his “special order and direction.”

There was no security given, as far as it appears, for the completion of the work, either in the shape of a bond or retention of the money, one of which is very essential, and is always demanded as security to the government. (See Captain Turnley’s testimony, page 919.) There is no pretence that any proposals to have the work done, were issued, or that bids were put in, and that it was awarded to the lowest bidder. Beard was to be allowed for the work “the following rates, that is to say: for all excavations, forty-five (45) cents per cubic yard; for all earth embankments, fifty-five (55) cents per cubic yard; for all puddled earth, ninety (90) cents per cubic yard; for sodding the fortifications, embankments, &c., one dollar and fifty cents (\$1 50) per yard; for paving walks and yards, floors of block-houses, &c., one dollar (\$1) per square yard, said pavement to be of the best quality of gravel pavement; for building all cisterns, tanks, &c., for holding water, twenty-five (25) cents per cubic gallon of two hundred and thirty-one inches, said cisterns to be of the best quality, complete with arched bricks, crown and cement finish; for all the timber and lumber used in building the block-houses, magazines, and quarters of officers, soldiers, sewers, &c., and all labor used in constructing the same, (timber and lumber to be measured in the buildings, &c., as the same are completed,) one hundred dollars per thousand feet; for constructing all the facings, brushworks, &c., required on the work, one dollar per cubic foot; for roofing all the buildings, four dollars and fifty cents (\$4 50) per square of one hundred superficial feet, the same to be made of the best quality of three-ply gravel roofs.”—(See contract, page 886.)

It is stipulated that the work should be done within *five days* from the time it should be laid out and specifications furnished, and that payments should be made on the certificates of the engineer in charge, stating the amount of work done. Though the contract was made on the 25th of September, yet it can hardly be credited that the sum of one hundred and fifty-one thousand dollars was paid to Beard *before the date of the contract*. The payments were made as follows:

First payment, August 29, 1861.....	\$10,000 00
Second payment, September 2, 1861.....	15,000 00
Third payment, September 5, 1861.....	60,000 00
Fourth payment, September 6, 1861.....	66,000 00
Fifth payment, October 3, 1861.....	20,000 00
Total of payments.....	<u>\$171,000 00</u>

Here is an amount of *one hundred and seventy-one thousand dollars* paid to Beard on this work, the *last* payment made only eight days after the date of the contract. All the amounts were paid upon the direct personal order of Major General Frémont, with the exception of the first ten thousand dollars, which he instructed his military secretary, Major Eaton, to order to be paid, (see testimony of Hahn, page 1000, and of Captain Turnley, page 917.) Major Kappner says the work on these forts which Beard was building was commenced on the last of August or 1st of September. The first payment of ten thousand dollars on the 29th of August was undoubtedly made at the commencement of the work. At the expiration of three working days, to wit, on the 2d of September, fifteen thousand dollars more was paid, making twenty-five thousand dollars. On the third day afterwards, September 5, General Frémont makes the following order :

“HEADQUARTERS WESTERN DEPARTMENT,
“September 5, 1861.

“You will advance sixty thousand dollars (\$60,000) to Mr. E. L. Beard, contractor, as he informs me that without the advance of this sum he must discharge a large portion of his force, and thus delay the work on our fortifications.

“J. C. FRÉMONT,
“Major General Commanding.

“Brigadier General J. McKINSTRY, *Q. M. U. S. A.*”

This amount of \$60,000 was paid to Beard, though he had been paid \$25,000 three days before, when he had been engaged only three working days on the job. Yet, two days after, General Frémont gave the urgent order above set out, stating that unless the money was paid he (Beard) must discharge a large portion of his force and “delay the work on our fortifications.” But that is not all. The following order (see page 916, Turnley’s testimony) is given by the general. It will be seen that there is a most singular omission of a date to this order, which would take from the treasury the insignificant sum of sixty-six thousand dollars.

“HEADQUARTERS OF THE WESTERN DEPARTMENT.

“You will advance a further sum of sixty-six thousand dollars (\$66,000) to Mr. E. L. Beard, contractor, as he informs me that without the advance of this sum he must discharge a large portion of his force, and thus delay the works on our fortifications.

“J. C. FRÉMONT,
“Major General Commanding.

“Brigadier General McKINSTRY, *Q. M. U. S. A.*”

“Indorsed : Captain Turnley, who has funds, will comply with General Frémont’s order.

“J. McKINSTRY,
“Acting Quartermaster General.

“SEPTEMBER 6, 1861.”

The date of McKinstry's indorsement on the order, however, directing Captain Turnley to comply, fixes the presumption that the 6th of September was at least as late as the time on which it was given. On the 5th of September the general says in his order on the quartermaster that *sixty thousand dollars* must be advanced, or a portion of the force discharged and the work delayed. On the next day, September 6, the general gives another order on the quartermaster, in precisely the same language as the order given on the previous day, directing the quartermaster to pay to said Beard the sum of *sixty-six thousand dollars*. Captain Turnley paid this last order on the 12th of September. It will be perceived that General Frémont had *ordered* the sum of one hundred and fifty-one thousand dollars to be paid to Beard in seven working days after he had commenced the job, and every dollar of which *was actually paid* in fourteen days after the work had been commenced. On the 19th day of September, seven days after Beard had received the last-named sum of sixty-six thousand dollars, General Frémont gave him another order on the quartermaster for thirty-five thousand dollars, the order stating that without that further sum Beard would "be unable to continue the building of the fortifications." But in the meantime the funds of the quartermaster's department had given out, and the amount was not then paid. The amount of twenty thousand dollars paid to Beard on the 3d of October, as testified to by Hahn, (page 1000,) is believed to have been paid on this order. The orders speak of Beard as the "contractor," but no contract is found to exist until the 25th day of September, and Captain Turnley, in a memorandum made on the back of the order for the payment of thirty-five thousand dollars on the 19th of September, says:

"I have not got, and have never been furnished with, the contract with Mr. Beard."

Though Beard was building these fortifications from the 29th of August to the 25th of September, nothing is known of any contract except the one referred to, which was entered into on the 25th of September. While it is provided in said contract that the payments should be made on the certificate of the engineer in charge, no evidence is to be found that payments were made on such certificates. On the other hand, it is believed that the payments were made without them, and without any knowledge of what work had been done. The testimony of both Kappner and Hahn render it perfectly certain that no estimates were ever made. The pretences, as set out in the orders of General Frémont, for the payment of the sixty thousand dollars, the sixty-six thousand dollars, and the thirty-five thousand dollars, that the force must be discharged and the work delayed unless the amounts were paid at that time, are certainly unfounded.

It has been shown that the sum of one hundred and seventy-one thousand dollars was paid to Beard up to the 3d of October, the sum of twenty thousand dollars being paid on that day, as is supposed, on the order for the thirty-five thousand dollars, dated September 19. Up to this time, therefore, the sum ordered to be paid by General Frémont to Beard was one hundred and eighty-six thousand dollars,

on account of the construction of these works. On the 14th day of October, 1861, the Secretary of War, through Adjutant General Thomas, gave an order to General Frémont to discontinue the erection of the field works around the city of St. Louis, and not to pay any more money on account of them, and directed that no more funds should be transferred to irresponsible agents, that is, to men not holding commissions from the President, and not under bonds.—(See order, page 1088.)

This order was immediately forwarded by Capt. McKeever, assistant adjutant general, from St. Louis to General Frémont, who was then in the field, and it reached General Frémont two or three days after that. Your committee understand it to have been the duty of General Frémont, as an officer loyal to his superior authority, not only to have promptly obeyed the said order, but to have officially promulgated it, commanding obedience to it by all under his command.

In palpable disregard of his duty, General Frémont neglected to make such promulgation. *After* this order of October 14, had been delivered to General Frémont, (see testimony of Major Allen, page 1095, and also of Captain McKeever, page 1054, particularly as to time,) he made an order on the 19th day of October, through J. H. Eaton, his acting assistant adjutant general, to Major Allen, the quartermaster at St. Louis, to “turn over to Mr. Beard, out of first funds received from Washington, the sum of sixty thousand dollars, (\$60,000,) for work done on the forts of St. Louis.”—(See order, page 1097.)

It will be seen, therefore, the total amount ordered to be paid to Beard, on account of these works, by General Frémont, was *two hundred and forty-six thousand dollars*, of which one hundred and seventy-one thousand dollars was *actually paid*. Through the firmness of Major Allen, who appears to be a vigilant and incorruptible guardian of the public interest, this last amount of sixty thousand dollars was saved from going into the capacious and already gorged pocket of Beard, who, in the language of Major Allen, was the “leader among the contractors,” and perhaps “the most extravagant and grasping of them all.”

Before paying this money in the face of the order of the Secretary of War, Major Allen very properly submitted the question of its payment to General Meigs, the chief of the quartermaster's department in Washington, (see Allen's testimony, page 1098.) General Meigs directed him to disregard all orders inconsistent with the order of the Secretary of War, of October 14.

In the whole range of their investigations your committee have found nothing so alarming as the defiance of law and the disregard of superior authority, as manifested by the commanding general of the western department, not only in this connexion, but in connexion with the arbitrary and illegal diversion of funds from the paymaster's department and the sub-treasury at St. Louis, which is hereafter referred to. Whenever the action of a general in the field, disregarding alike law, army regulations, and the authority of his government, shall be permitted to pass without challenge and without rebuke, then indeed may it well be considered that constitutional

liberty is at an end and the will of a military commander is substituted for law. This subject is considered of so much importance as to justify a very full quotation from the testimony of Major Allen, as follows:

“Question. How has that order of the Secretary of War been promulgated here, if promulgated at all?

Answer. It has never been officially promulgated. We know of it here only through the public prints.

Question. I see by looking at that order that it is directed that the construction of the field works at St. Louis and Jefferson City should be discontinued, as also the work upon the barracks which are being constructed near General Frémont's headquarters. Has the order in that respect been complied with?

Answer. The work at the barracks is still continued, and everything goes on as if no order had been issued.

Question. Do I understand you to say that this order is inoperative unless promulgated by the major general commanding the department?

Answer. Yes, sir; I so consider it.

Question. If the parties who are constructing these field works and barracks had such notice of that order as would satisfy them of its genuine character, would they, after such notice, have any authority to go on with the works. Or are they only bound by an official notice duly promulgated by the commander-in-chief of the army?

Answer. This order of the Secretary of War would be binding, according to my knowledge of the usages of war, unless the order of the commanding general to the contrary should be repeated. In that case, according to military rule, the last order is to be obeyed, and the responsibility falls upon the commanding general, or officer giving the order.

Question. If the commanding general of the department should never promulgate such an order when he gets it from the Secretary of War, how is that order to be carried out?

Answer. It is inoperative unless promulgated by the commanding general.

Question. Do I understand you, then, to say that the Secretary of War cannot command these things to be done excepting through the commanding general here?

Answer. No, sir; there is this distinction: the Secretary of War can order me, for instance, not to turn over any money on account of fortifications. That order I will obey unless I receive a counter order from General Frémont. I would be justified then in disobeying the order of the Secretary of War and obeying the order of General Frémont. I do not say that I would or would not do so, but that I would be justified in doing so.

Question. Upon what principle?

Answer. Upon the principle of obeying the last order you receive.

Question. So that the only way by which the War Department could prevent the exercise of arbitrary power in the payment of claims, or in the transfer of money, would be by withholding the money or removing the commanding general?

Answer. There is no other remedy.

Question. Is not the refusal or declination of the major general

commanding a department to carry out an order of the Secretary of War setting up an authority upon his part over and above the government?

Answer. Yes, sir; setting up an authority unknown to the law.

Question. Would the giving of a peremptory order upon a quartermaster to pay over a specific fund into the hands of the commanding general, in defiance of a counter order from the Secretary of War, be setting the authority of the government at defiance?

Answer. Yes, sir.

Question. What reason is there, if you know of any, why this order has not been promulgated by Major General Frémont?

Answer. I know of no other reason than that he did not intend to obey it.

Question. He was not in the city at the time, but he was within reach, was he not?

Answer. I know the order of the Secretary of War was received by him.

Question. What are your means of knowledge of that fact?

Answer. I know that the order of the Secretary of War was received at a certain date—which I do not recollect now—from information derived from Captain McKeever, the assistant adjutant general. He forwarded it himself by special messenger, and knew at what time that special messenger arrived, and I know that the order given to me in relation to the payment of money on the forts was made on a subsequent day—certainly one or two days afterwards.

Question. Can you fix the date when Captain McKeever sent the order?

Answer. I see the order is dated October 14, and it must have got to General Frémont two days after that.

Question. If the major general commanding the department had determined to obey this order, do you know of any difficulty in the way of promulgating it?

Answer. None, whatever.

Question. As the matter now stands, there are two conflicting authorities, are there not?

Answer. Yes, sir.

Question. In what respect are they conflicting?

Answer. The order of the Secretary of War directed that no money should be paid except for current expenses. It also directed all work to be stopped upon the fortifications and barracks, and that there should be no money turned over to contractors on account of work upon the fortifications. In the first two cases the order has been disregarded, as the work is still going on upon the barracks, and as I have received orders from General Frémont, through his adjutant general, to turn over this money to Mr. Beard, subsequent to the receipt by General Frémont of the order of the Secretary of War.

Question. Then, do I understand you to say that after General Frémont had full knowledge of this order of the Secretary of War he has given you a peremptory order in direct contravention to it?

Answer. Yes, sir."

Having shown the amounts which were paid to Beard for building the fortifications, particular reference will be now had to the rates to be paid him as fixed by the terms of the contract. He was to have 45 cents per cubic yard for excavations; fifty-five cents per cubic yard for earth embankments; for all puddled earth, ninety cents per cubic yard; for sodding the fortifications, embankments, &c., \$1 50 per yard square; for paving walks and yards, &c., \$1 per yard square; for building cisterns, tanks, &c., 25 cents per cubic gallon of 231 inches; lumber and all labor used in constructing the same, \$100 per thousand; for constructing all facings, brushworks, &c., \$1 per cubic foot, and \$4 50 per square of 100 feet for roofing.

Hon. John M. Wimer, former mayor of St. Louis, testifying from actual knowledge of the cost of such work, stated, that taking into consideration the average wages of men during the last five months, that *fifteen cents* per yard would have been "a good price" for the excavations, embankments, and sodding on the fortifications.—(See Wimer's testimony, page 878.) The price agreed to be paid by the contract for those three items is \$2 50 per yard. General Curtis says the prices agreed to be paid for excavations, embankments, puddling earth and paving walks, are exorbitant, and "at least double the cost of such work."—(See Curtis's testimony, page 616.) Major Kappner, who, it will be recollected, built the first five forts, and who can therefore speak from actual knowledge, says that the excavation, embankment, and sodding on the forts that Beard built would cost ninety cents per yard, which is \$1 60 less per yard than what the contract provides shall be paid to Beard. For paving walks, yards, floors, &c., for which the contract price is \$1 per yard, he says that it would cost from *nine to ten cents* per yard; for building the cisterns, which the contract fixes the price at *twenty-five cents* per cubic gallon, he says *two and one-seventh cents* would be a fair price; that the fair cost of the lumber and work which the contract allows \$100 per thousand feet for, would be from \$35 to \$40. The cost of roofing per square of one hundred feet, which the contract allows \$4 50 for, he thinks would be worth between four and five dollars. In that, however, he is evidently mistaken, for it was shown, in connexion with the roofing of Benton barracks, that Cristy proposed to put on the same kind of a roof at \$3 per square. There is, however, another way of testing the character of this contract. The five forts built by Major Kappner, by days' work, which would ordinarily be the most expensive way, cost the sum of \$60,000, while they were one-fifth larger on an average than the five built by Beard. Major Kappner testifies positively that the five forts built by Beard would certainly not cost more than the sum of sixty thousand dollars, which the five forts cost that he built. Allowing to Beard the liberal estimate that the cost of building the five forts which he constructed was sixty thousand dollars, he has already obtained from the treasury of the United States the profit of *one hundred and eleven thousand dollars*; and had the additional amount of seventy-five thousand dollars been paid him, which General Frémont had ordered to be paid, the government would have been defrauded in that one transaction

out of the enormous sum of *one hundred and seventy-six thousand dollars*.

From the fact that the contract with Beard was entered into so long after the work had been commenced by him, it has the appearance that it was really intended to cover all the work on all the forts, that done by Major Kappner by days' work as well as by himself, for the purpose of enabling him to obtain pay for the whole at the extravagant and outrageous prices provided for in his contract. It is but justice to General McKinstry to state that he is not responsible for this contract. It was made at headquarters, and the enormous and unconscionable prices were there fixed upon between General Frémont and the contractor, and the payments made by him on the contract were made by the express direction of General Frémont. He acted for the commanding general, and by his direction. Beard brought to him a paper from headquarters, "formally drawn up," which contained the prices.—(See Clements's testimony, page 885.) He objected to the prices, and "greatly reduced them." If the prices named in the contract were the "*reduced*" prices, it would be a matter of curiosity to know what the original prices were as sent from headquarters.

It must be understood that every dollar ordered to be paid by General Frémont, on account of these works, was diverted from a fund specifically appropriated for another purpose. Congress makes special appropriations for fortifications, and the works are made in pursuance of plans furnished by the engineer department at Washington, and the payments are made by warrants sanctioned by the Secretary of War. This whole matter cannot be made clearer than by reference to the testimony of Captain Turnley, (page 917,) which is set out as follows :

"Question. What connexion has the quartermaster with such works?

Answer. None in the world, unless it is to improvise defences for the moment.

Question. Was this \$66,000 you paid upon that authority, money which was legitimately and properly appropriated to such payments?

Answer. No, sir; it was specifically appropriated for the quartermaster's department, for clothing, transportation, &c.

Question. Do I understand you to say that the \$66,000 which you paid Beard was money which the quartermaster's department of this city had received from Washington city for the purpose of purchasing horses and wagons, forage, and the transportation of troops, &c., and for equipping the army?

Answer. Yes, sir; it was for the legitimate purposes of the quartermaster's department in organizing the army.

Question. Why, then, was it diverted from that purpose?

Answer. Purely upon General Frémont's order.

Question. What authority had General Frémont to make such an order upon the quartermaster's department?

Answer. No authority, except that, as commander-in-chief, his orders are superior to all others upon the spot, and are necessarily obeyed for

the sake of subordination. I sent a copy of the order an hour after I got it to Quartermaster General Meigs, at Washington.

Question. Have you heard from him upon the subject?

Answer. Yes, sir.

Question. What did he say?

Answer. That the order was illegitimate, and that I was right in not obeying the order.

Question. Do you know that any measurement or estimate of the work done by Beard upon these fortifications had been made at the time this \$66,000 was ordered to be paid?

Answer. I did not then know that any contract was in existence for the work."

The money appropriated by Congress to subsist, and clothe, and transport our armies was thus, in utter contempt of all law and of the army regulations, as well as in defiance of superior authority, ordered to be diverted from its lawful purpose, and turned over to the cormorant, Beard. While he had received one hundred and seventy-one thousand dollars from the government, it will be seen from the testimony of Major Kappner that there had only been paid to the honest German laborers, who did the work on the first five forts built under his direction, the sum of fifteen thousand and five hundred dollars, leaving from forty to fifty thousand dollars still their due. And while these laborers, whose families were clamoring for bread, were besieging the quartermaster's department for their pay, this rapacious contractor, Beard, with a hundred and seventy-one thousand dollars in his pocket, is found following up the army, and in the confidence of the major general, who gives him orders for large purchases, which only could have been legally made through the quartermaster's department, and which afforded him further opportunities for still plundering the government.

Your committee hope that some means may be found to make the parties to this atrocious contract disgorge the sums out of which the government has been defrauded, and that the laborers who have done the work on the faith of the government will not longer be delayed in receiving their just dues.

PURCHASES OF HORSES AND MULES.

Your committee found that the most astounding and unblushing frauds had been perpetrated in the purchase of horses and mules, made by the quartermaster's department; and the evidence left no doubt on their minds that the quartermaster himself was in collusion with corrupt and unprincipled men, who combined together to swindle the government. In these purchases fraud was perpetrated in every possible way. In the first place, matters were so arranged that it was impossible for the original owners to sell either horses or mules directly to the government, but all such sales were made by certain middle men and go-betweens who it appears alone could get any horses or mules taken by the quartermaster's department. The maximum price fixed to be paid by the government for ordinary cavalry

horses and for mules was one hundred and nineteen dollars, and that appears to have been the sum paid by the government for every cavalry horse and every mule purchased in Missouri. The maximum price for artillery horses was one hundred and fifty dollars.

The prices paid by these go-betweens to the original owners, or the legitimate dealers, immediately representing the original owners, ranged from \$85 to \$105, \$108, and \$110, for cavalry horses and mules, and \$125 for artillery horses. The difference between these prices and the prices paid by the government—that is, \$119 for cavalry horses and for mules, and \$150 for artillery horses—went into the pockets of the favored go-betweens. This difference of price in the purchase of the vast number of horses and mules amounted in the aggregate to a very large sum, the greater part of which your committee believe could have been saved to the government had the purchases been made honestly, openly, and fairly, for the best interests of the government. One of the witnesses, Peter Wiles, in his testimony, (page 695,) explains very fully the operation of this way of doing business:

“Question. Is it not your opinion, then, from a knowledge of the facts, that the government could have procured, through proper agencies, all the horses and mules they wanted at a price not exceeding \$105?

Answer. Yes, sir.

Question. Would not that have been the result if the arrangement which was originally made with you had been carried out?

Answer. Yes, sir; I am confident I could have bought the horses at that price. The reason horses and mules have cost the government so much is, that they do not deal with first parties, but through contractors and sub-contractors. The first contractor under the government gets \$119 a head for the animals; another contractor under him furnishes them to the first contractor at a much less price; and then, not unfrequently, a third sub-contractor furnishes them to the second contractor at a still reduced rate; and the consequence is, that as each contractor must make a profit the government gets a very poor animal for the money it pays.

Question. Then there were three or four hands through which the animals had to pass from the farmer before they reached the government, each person charging a profit?”

But the fraud in the manner of purchase was only one of a series of frauds in that connexion. There was a fraud in the inspection. By the indulgence of a “generous confidence,” the favored individual who had the good fortune to have the *right kind* of authority to buy horses for the government either inspected himself or was permitted to select *his own inspector*, which, of course, resulted in a corrupt inspection. In some cases, direct bribery was resorted to.

Frederick Haman testified in regard to the difficulty he had in getting his horses inspected. The following is extracted from his testimony, (page 582:)

“Question. What difficulty did you experience?

Answer. I do not know as we had any difficulty exactly in getting them inspected. I suppose we had some horses once in a while which were not very good.

Question. Did you finally get them passed?

Answer. Yes, sir.

Question. How?

Answer. It cost a little money once in a while.

Question. How much?

Answer. At one time we had a lot of horses that were not very good, and I paid \$50 to Dr. Keller and Major Varian to get those horses through. I made a bargain with Dr. Keller.

Question. What was the bargain?

Answer. I told him that if he would get the horses through I would pay him \$50. They were pretty sound horses, but without paying something I could not get them through. Bad horses were being put in, and good ones rejected; but I was not as well acquainted with the manner of doing things as some others were, and I finally concluded that I had better let \$50 slip and get them in rather than have the horses on my hands. I said to Keller, "I will tell you what I will do: if you will get the horses in for me I will give you fifty dollars." He said he would do his best to get them in. He said my horses were good, sound horses, otherwise he would not take them.

Question. What did you do?

Answer. I paid him the \$50."

There was also fraud in branding horses. For instance, a horse would be bought and branded as a cavalry horse, to be put in to the government at \$119, and when the back of the seller was turned another brand would be put on him by the inspector as an artillery horse, to be put in at \$150; the government being thus handsomely defrauded out of the difference between \$119 and \$150 on each horse. Among the *artists* engaged in these peculiar horse transactions, one James Neil, called familiarly "Jim Neil," maintains a standing of precarious pre-eminence. James L. Ganzehorn testified in this committee that this Neil used him badly, and the following is extracted from his examination, (pages 560 and 561 :)

"Question. In what respect did Neil use you badly?

Answer. He was to give me \$100 each for the mules, but he gave me only \$90.

Question. Was that the only transaction you had with him?

Answer. No, sir; he came to me several times and told me that if I would furnish him horses he would give me \$120 for artillery and \$100 for cavalry horses; I brought him one day a lot of horses which I had bought, subject to inspection, of friends of mine who lived in the country—they brought me their horses, and I agreed to give a certain price if the horses passed inspection—three of those I wanted Neil to brand as artillery horses: he said he could not do that as they were not large enough; I told him they were heavy enough and large enough, and that they were artillery horses; he said he could not take the responsibility of doing it; so rather than take the horses

back I let the horses go, and he branded them as cavalry horses. I stayed there all day, and towards evening a police officer in the yard attempted to clear the yard. I thought something was wrong, and I stayed around and would not go out, or at least I thought I would stay until they forced me out, as I wished to see what was going on. Neil then sorted out, to the best of my judgment, 20 or 25 of the horses he had bought that day for cavalry horses, and took them up to the fire and branded them as artillery horses himself. It is the custom to brand cavalry horses once on the shoulder, and to put an additional brand on the hind quarter for artillery horses. Three of the horses which he branded at that time as artillery horses were three of those which he purchased that day of me as cavalry horses, and which he refused that morning to take the responsibility of branding as artillery horses, and which, as he would not do that, I let him have as cavalry horses.

Question. What interest do you suppose Neil had in changing the brand?

Answer. The interest probably is to be found in the fact that the government allowed from twenty to twenty-five dollars more for artillery horses than for cavalry horses.

Question. Do you mean to say that Neil was acting as purchaser and government inspector at the same time?

Answer. Yes, sir; *he paid me for the horses himself; he was the purchaser and inspector of horses, and he branded them himself.*

Question. Who paid you?

Answer. James Neil."

James Everett (page 547) gives an account of the transactions of James Neil in this connexion, and the following is quoted from his examination :

"Question. Do you know a man by the name of James Neil?

Answer. I do.

Question. What connexion has he had with the purchase of horses for the government?

Answer. I saw him buy horses and *inspect them himself.*

Question. When did you see that?

Answer. It was on the 18th, 19th, or 20th of last month.

Question. How many horses?

Answer. I saw the horses counted out of the yard at night, and there were 98 counted out as branded that day by himself. I did not sell him any horses. My brother showed him a horse one day, but from what he saw he concluded that it was a thieving operation, and he would not sell him any more.

Question. Who sold him the horses he branded himself?

Answer. John L. Ganzehorn sold horses to Neil. He keeps a feed store here.

Question. *And Neil inspected and branded them himself?*

Answer. Yes, sir.

Question. How many were there?

Answer. 98. It was a matter of general talk about the neighborhood that Jim Neil should buy and inspect his own horses. He

treated the owners of the horses from whom he bought badly. *He would tell them that he could not brand their horses as artillery horses, and so he would buy them as cavalry horses; but at night, after the owners had gone away, he would put another brand upon the hip, making them artillery horses, which were worth \$30 the most.* I understood he treated eighteen horses that way. The owners said that was stealing their money.

Question. What price was Neil paying for horses?

Answer. He was paying that day \$120 for artillery horses, and \$100 for cavalry horses. *The owners would get the cavalry price, and he would get the artillery price."*

Patrick Brennen and Patrick Fanning corroborate the testimony of Ganzhorn, (pages 583 and 584.) Brennen makes this statement :

"I had a horse one day to sell, and I went up to the inspection. Jim Neil and Allen were to inspect that day. They were buying. They appeared to have everything to do. I had a horse there, and I could not put him in myself, and I gave him to another man to put in for me. I should have been allowed for him as an artillery horse, judging from the appearance of other horses there that day. When the man came back he said Neil said he could not brand that horse but once—that is, as a cavalry horse. Neil bought the horse and branded him as a cavalry horse. In an hour after the yard was ordered to be cleared, but some of us got around into the back part of the yard and remained. Then the large horses which were there were brought forward by Neil and Allen and branded again upon the hip. I remarked to the man who put in my horse that that was wrong, that my horse was branded twice. He said he could not help it, that he could only get the price of a cavalry horse for him.

Question. Did you see them brand your horse the second time.

Answer. I saw them brand my horse as an artillery horse after they had bought him as a cavalry horse."

Of course, when horses were purchased through such agencies the government was certain to be defrauded, not only in the payment of the large sums going to the middle men, but in the quality of the stock purchased. Large numbers of utterly worthless horses were imposed on the government, all at the maximum price. Old, broken-down omnibus, wagon, and dray horses, and mules, were picked up with avidity by contractors. Mr. Roberts, a witness, gives an illustration, (page 528 :)

"Our drayman sold to the government his team of three mules. He had two very decent mules, and one which was good for nothing. He sells two of them to one of the contractors; the third one they would not look at at all, as he was all jammed up. He sold two upon the condition that they would pass the next day for \$80 each. He went with the mules the next day, and one mule passed while the other was thrown back upon his hands. The drayman *goes then and gets the rejected mule shod anew, put on long corks so that the mule would come up to the standard.* They then received that mule. He then,

the next day, takes the old mule to another contractor, puts ten dollars more on his head, and the mule was received at \$90."

When it came to be understood how this matter of furnishing the government with horses was going on, it was perhaps to be expected that the business would assume important proportions. One of the witnesses (Mr. Harkness) says, (page 539:) "Buying horses got to be a perfect rage here. Dry goods merchants went to dealing in horses, and quit their regular business. They would watch the ferry-boats and watch the farmers coming in, and would hail them, "Want to sell your horse?" "Yes, sir." "How much will you take?" The reply would be \$75 or \$80, according to the quality. And they would buy the horses at a price agreed on, provided they would pass inspection."

The man Neil, heretofore mentioned, seems to have been in his element in this state of things. Mr. Harkness, (page 533,) who went out several times to see them inspect horses, says: "When I saw Neil out there one day, I told him I thought this thing would pay pretty well, considering the kind of horses they were taking in there. 'Yes,' he said, '*it is a damned good thing*; I am doing pretty well now, and when I get through with this I have 200 more to buy, and I can make a pretty good thing out of that.' Said I, 'How can you get them to buy? there is no contract out.' He said, 'I will get that fixed, for the contract is already made.' I thought it very strange that a man of his standing in the city should get a contract for 200 horses, or should be appointed a government inspector, for heretofore the government had usually appointed respectable citizens. It was published in the city papers that he was a government inspector, or was acting in that capacity."

The same witness gives an account of the manner in which inspectors were appointed, (page 535 :) "These inspectors were appointed by Major McKinstry. Whoever was fortunate enough to get an order from the quartermaster for the purchase of horses *got an inspector of his own selection appointed*, and, of course, the inspector passed and branded everything which was produced by the party who got him appointed. I have known Flannegan to buy a three-year old filly for \$65, and get her passed in fifteen minutes afterwards, under the inspection of his own inspector, Keller.

"On another occasion I went out to Grand avenue, where it was said they were going to inspect horses; I took an interest to see how the thing was conducted. This man Keller was there, though he had not been appointed inspector, as Flannegan had not come here then. Two very respectable citizens from Iowa were down here, and wanted the chance to bring down some horses. I went out there to let them see how horses were passed. Keller was there half drunk, and, in a conversation which sprung up about the army and other war matters, Keller said '*we would soon drive the God-damned Lincoln hordes out of this State.*' "

Your committee quote further from the examination of Mr. Harkness in relation to the value of the horses purchased and the manner of purchasing, (page 536:)

“Question. Did you see a great many of these horses which were passed?

Answer. Yes, sir; thousands of them.

Question. What was their average value in the market here?

Answer. Many of them were, to my certain knowledge, purchased for from \$65 to \$85.

Question. Taking them as a whole, what were they worth on an average?

Answer. One hundred dollars would be a very large price for them.

Question. Would the government have had any difficulty in obtaining these same horses by proper management upon its part, at rates not exceeding \$100 each?

Answer. None whatever. Thousands of them could be bought for that price. There was nothing in the way of the government procuring those animals of the men who brought them in. If there had been a respectable man appointed to inspect horses, so that the respectable farmers of Illinois and Wisconsin could have come in and had their horses inspected, the horses could have been bought at their real value, and the farmer would have gone home satisfied with the government, because it would have been doing him justice. As it is, many of them have come in from Illinois and Iowa for 300 miles round, and could not sell their horses to the government except through second hands. This second-hand business shuts out respectable citizens, and many hundreds of good farmers have gone home disgusted, while many others, who came here at large bills of expense, were obliged to sell for what they could get. But whatever they sold at, the government was obliged to pay \$119 for the horses.”

Your committee desire particularly to call attention to the transaction in relation to the sale of some mules to the government, as detailed by the testimony of Broadhead, (page 529,) of Peay, (page 540,) and of McPike, (page 551,) and which connects the quartermaster and two of his confederates, Pease and Neil, with a gross and palpable fraud upon the government. Robert W. Peay had a lot of mules for sale, and was applied to by Neil to purchase them for the government. He was unwilling to sell to Neil or to Pease individually, but would sell to the government. He made application to Major McKinstry, the quartermaster, who agreed with him to take such of his mules as would pass the inspection of a Mr. Blakely at \$110 each. He turned over on this agreement 296 mules, and made out the account for them to the government at \$110 each, and had the same certified to by Blakely, who had inspected and branded them. Mr. Peay left this account with Neil, to have it allowed and to obtain the proper voucher. But when he wanted this voucher, he was surprised at being told by Neil that Pease had it, and that instead of being made out in his own name at \$110 per head, at which he had sold the mules to McKinstry, it was made out in the name of Neil at \$119 per head, and Pease claimed he had an interest in it of some \$6,000 or \$7,000, and he was not willing to give it up till that amount was paid. James O. Broadhead, esq., a gentleman

of the highest character and respectability, whose legal services in the matter were called into requisition by Mr. Peay, makes a clear statement of the whole matter, to which reference is had generally and particularly in the following extract:

“Question. (By Mr. Dawes.) Then is not the transaction, in effect, this : That your client sold his mules to McKinstry for \$110 apiece, and by some management that you do not know of at the quartermaster's department the title was put into Neil, and the mules passed to the government at \$119 a head.

Answer. That is it. I recollect distinctly of asking this man Peay why it was that Pease had anything to do with the matter. He told me he was some relation or friend of McKinstry. I should have stated before that I saw Pease a second time before I got the voucher. On the first occasion when I saw him he and Peay made a calculation of the amount which was coming to Peay for the sale of the mules at \$110 a head. It amounted to some \$42,000, and thereupon Peay, who had spoken to me to attend the matter, gave me an order upon this man Pease, who it seemed had the management of the business up to that time, to pay me the sum thus ascertained. Peay signed the order, and that order I kept some time. I suppose it is now destroyed, as I was up at General Porter's one day and lost it out of my hat. General Porter found it and informed me of the fact. I told him it was of no account, and I suppose he destroyed it. He can state the nature of the voucher.

Question. The whole payment made to your client was made upon the basis of \$110 a head?

Answer. Yes, sir; the basis of \$119 a head was expressly excluded.”

The whole transaction, therefore, seems to be simply this : Peay sells to McKinstry, the quartermaster, 290 mules at an agreed price of \$110 per head. The mules are inspected and received, and he makes out his bill against the United States for the amount due according to the price agreed on. *Instead of receiving his voucher of that amount, the voucher is, without his knowledge or consent, by the quartermaster issued to James Neil at \$119 per head, and finds its way into the hands of Joseph S. Pease, who claims a right to hold it until he is paid the interest which he has in it.*

Thus by this collusion between the quartermaster's department and Neil and Pease, the government in this one transaction is defrauded out of the difference between \$110 and \$119 on 290 mules.

Charles M. Elleard figures largely as a horse-dealer, and seemed to have the good will of the quartermaster, as he says he laid McKinstry under great obligations to him by having him (McKinstry) retained in office in place of Colonel Crossman, who “was an old foggy.” He sold two thousand horses in all to the government, but he had to take in as a partner, on the recommendation of McKinstry, an old friend of his from Detroit, one J. P. Brady, who was a visitor at St. Louis on this interesting occasion. This man Brady, the friend of McKinstry, shared \$20,000 profits with Elleard in the horse purchases, and that, too, without the investment of a dollar of capital, and with-

out giving his individual services in assisting in the purchases. The conduct of the quartermaster in giving Elleard the contract to put in two thousand horses at the maximum prices, but with the request that Brady should have half the profits, without putting in any of the capital or doing any of the work, and which amounted to \$20,000, was corrupt in its tendency and purpose, and prejudicial in the last degree to the public interest.

Your committee quote from the examination of Elleard, (page 769:)

“Question. You have stated that although Brady’s name was not used as having any interest in buying the horses, yet that he was interested to the amount of one-half; that he furnished no part of the capital, except as you have named. Now state what consideration induced you to let Brady into a contract of which his portion of the profits was \$20,000.

Answer. Nothing but the simple words of McKinstry, that he and I had better work together.

Question. Did you understand that it was the desire of McKinstry that you should take him in with you?

Answer. Most assuredly.

Question. What was your idea in that respect?

Answer. I supposed that he was a friend of McKinstry, and that McKinstry *would like to advance his interest* in that way; I also thought that as they were from the same town, and very old acquaintances, *it might advance my interest to take Brady in with me.*

Question. The public interest was not advanced in any way by giving Brady an interest in the matter?

Answer. *Not at all.*

Question. You could have carried out the contract just as well without him?

Answer. Certainly; everybody knows that.

Question. It was the same as putting \$20,000 into the man’s pocket?

Answer. Yes, sir; and I was advised not to do it. Blair advised me not to do it; but I told him I had agreed to do it, and I would do it; and I did do it.”

Further reference is had to the testimony of Elleard in regard to his presentation to Mrs. Frémont of a carriage and horses on the ground that he supposed it would be gratifying to “Frank Blair,” and which Blair, with marked propriety, told Mrs. F. she “better not take;” also in regard to his *lending* McKinstry his horse and buggy, but which McKinstry did not *return*, but Elleard had to go after them himself after he (McKinstry) had left, and after this committee had commenced its investigations at St. Louis.

The testimony of Almon Thomson is referred to in connexion with these horse purchases. He was connected with Asa S. Jones, the United States district attorney, (whose position as an officer of the government should, in the judgment of your committee, have been deemed by him incompatible with his being a contractor;) John H. Bowen, (who figures extensively in other matters,) and J. P. Wheeler.

Thomson had bought out for himself and Wheeler, Bowen's interest in a contract for buying horses which he (Bowen) had obtained jointly with Jones, and gave therefor the sum of \$5,000. When Thomson went to McKinstry for his pay he was told by him that Bowen's share was to be deducted and left in his (McK.'s) hands. Thomson thought that strange, as he had given Bowen no order on the quartermaster for that amount of money. On demurring a little to leaving the money with McKinstry, he thinks he was told by McKinstry that other parties were interested in Bowen's share. It turned out, by testimony subsequently taken, that Joseph S. Pease (who was a connexion of McKinstry, and who appears prominently as implicated in the frauds of the quartermaster's department,) was the man who Bowen had to divide with. Mention has been heretofore made of the prominent position occupied by James Neil as a horse contractor, inspector, and general favorite at the quartermaster's office. It seems that he performed some small service for Thomson connected with his contract, and charged therefor the enormous sum of \$1,000, the payment of which was refused. What would, under ordinary circumstances, seem singular was, that McKinstry should have been found pressing Thomson to pay this \$1,000 on the ground that Neil had "*done a great deal*" for them.—(Page 636.) Thomson seems to have been no longer in favor at the quartermaster's office, whether from the fact of his refusing to pay this amount to Jim Neil, or for his refusal to subscribe \$150 for the silver service to Mrs. McKinstry, or for his refusal to subscribe \$250 for horse and carriage for Major McKinstry, or from some other reason, must be left for inference. He was told, unless he paid, he would have difficulty in "collecting" his dues from the government. (Page 641.) It must be said, however, that Thomson was not forgetful of the obligations of gratitude; for, after he "got through with the contract," he "presented the son of Major McKinstry with a riding pony." To use his own words, "that was the only *mark of respect* I showed to the family of Major McKinstry."—(Page 643.)

There is another transaction, as detailed in the testimony of Captain Turnley, (page 790,) to which particular attention is directed. Captain Turnley, assistant quartermaster, went to St. Louis in July, 1861, and though an officer of the regular army, he was directed by General Frémont to attend at his office somewhat in the capacity of a public business secretary. All his duties, however, were indicated to him by a man by the name of I. C. Woods, the military secretary of General Frémont. Captain Turnley, among other things, wrote contracts for the delivery of horses, the price being always indicated by said Woods. The heaviest contract was for 1,000 horses. That contract was made at 8 o'clock at night. Colonel Woods sent for Captain Turnley, and said to him, "General Frémont desires you to make a contract with Mr. Augustus A. Sacchi, of New York, for one thousand Canadian cavalry horses, to be delivered here by the 30th of September. He will get \$130 apiece for them."—(Page 791.) Sacchi's presence being needed, he was brought in by Woods. Captain Turnley discovered that he was an Italian and could speak Spanish much better than he could English, and he talked with him in the

Spanish language. Captain Turnley wrote out the contract in full, in quadruplicate, as required by law, and left it in the hands of Colonel Woods, with instructions that it was necessary that it should receive the official endorsement of General Frémont, and that two copies should be sent to the Quartermaster General's office, in Washington. Sacchi left and went to New York, whence he telegraphed Captain Turnley, asking further time in which to fulfil his contract. Captain Turnley took the despatch to General Frémont, who said that not a day more could be given. Three days after a letter came from Sacchi, asking for time, urging many reasons. In reply to that letter General Frémont directed Captain Turnley to write Sacchi that he could not have one day beyond the stipulated time; that if Sacchi did not fulfil the contract he must obtain horses elsewhere.

It seems that afterwards Sacchi assigned his contract to a man by the name of Bitting, of Philadelphia, and Bitting undertook to fulfil it, but he only delivered a few of the horses, which were received; and when he wanted his pay, a long dispute arose between him and Captain Turnley, the Captain refusing to pay Bitting because the contract was not assignable, and he would not make out the account in the name of Bitting, but only in the name of A. A. Sacchi. Sacchi then had, of course, to draw the money. Then it came out from Bitting, to use the language of Captain Turnley, that "Sacchi was nobody—a man of straw, living in a garret in New York, whom nobody knew; a man who was brought out here as a good person through whom to work; and that rather recoiled upon Woods, who brought him to me. I have not seen Woods since, and so the matter stands in *statu quo*." It will hardly be believed that the name of this same man Sacchi appears in the newspapers as being on the staff of General Frémont, at Springfield, with the rank of captain.

Your committee believe, from the testimony of Captain Turnley, that this was a scheme by which the said Colonel Woods, who was denominated on the staff of General Frémont, as "director of transportation," to defraud the government, and that he found in this man Sacchi, in the language of Captain Turnley, "a good person through whom to work." Woods made use of his official position, undoubtedly, upon the staff of General Frémont, in order to get authority to have this contract made with Sacchi, for the delivery of 1,000 Canadian cavalry horses, at the extraordinary price of \$130 each. The idea of leaving the western States, full of the best quality of horses, for the purpose of going into Canada to purchase at the price named, seems to be an extraordinary one, and the only reason why it was done, which occurs to your committee, was that it afforded a better field for defrauding the government in the purchase of horses. Fortunately the vigilance of Captain Turnley, who wrote the contract in quadruplicate, as required by law, and the guards to the interests of the government, which he incorporated in it, defeated the scheme. Sacchi was not able to carry it out in accordance with the rigorous terms of the contract which Captain Turnley had drawn up, and then it was, undoubtedly, that something was endeavored to be made out of it by the assignment to Bitting.

It is due to General Frémont to state that he seems not in anywise to have been interested in Sacchi's having the contract, for when he was advised by Captain Turnley that Sacchi wanted more time, he promptly stated, as has already been set forth, that not a day more could be given. If the same care and vigilance had been exercised in other cases as was exercised in this by Captain Turnley, and had the rules and regulations of the department been adhered to, and contracts carefully drawn up, guarding the interests of the government, vast amounts of money would have been saved.

John H. Morse was a resident of Jefferson county, Missouri, and was driven out in consequence of being too "prominently in favor of the Union cause." He represents that he and his neighbors had a considerable number of mules which were in danger of being stolen from them, and to prevent which it was desirable to turn them in to the government. He therefore went to see the quartermaster, Major McKinstry, and proposed to sell them to the government for what they were paying. He says, "I told him that as Union men, we ought to have the preference over disunionists. He said he did 'not care a damn of whom he bought the stock, so that the stock was furnished to the government, and the contract fulfilled.'"—(See page 705.)

After one contract, for which proposals had been advertised, was filled, Mr. Morse again went to Major McKinstry, and inquired of him whether any more contracts were to be let for furnishing horses and mules. McKinstry told him there were not; that the government was not in need of any more. Morse then told him that he wished to turn in his mules to the government, as there was danger of their being stolen. Although McKinstry had told him that the government was not in need of any more mules, he states that he afterwards found out that horses and mules were being sold to the government at St. Louis, all the time, at \$119 a head. He again tried to sell McKinstry the stock, but McKinstry would refer him "to such a man, and such a man."

The question was then asked Morse who these parties were. He replied, "I think they were Thomson and Phillips. I told him (McKinstry) I wanted to sell the stock directly to the government; that I wanted the contract prices, and that I claimed it as a right to do so. He replied, in a rough way, that he did not know anything about it; that he would have nothing to do with me."

Morse then sought the influence of Colonel Blair, who gave him a letter to McKinstry, in which Blair expressed the hope that McKinstry would take the stock if it was consistent with the interest of the government to do so, and stating that it was due to Morse that he should do so. Morse was then referred to Colonel I. C. Woods, at headquarters, and after beating about three or four days, Woods at last told him that Frémont had nothing to do with it; that it was entirely in the hands of McKinstry, and that Frémont would not give out a contract for mules, as the business belonged to the quartermaster's department. Morse then told Woods that McKinstry would do nothing about it. Woods then said to Morse—using the language

of the witness—(page 707:) ‘If I would call in at a certain time in the evening he would see the general about it, and try to make some arrangement by which I could sell the mules. I called, according to appointment, and found Palmer there, and Woods turned me over to him. I went to the Planters’ House with him, and Palmer gave me a contract, in the name of Haskell, to furnish all the mules I could bring in. I told him I would get as many as I could. He agreed to give me \$119 a head for them. I have the document, but it is not with me now.

“Question. Did Palmer put in Haskell’s name?

“Answer. Yes, sir. When I got the mules here I learned there was a misunderstanding; that Palmer did not know what Haskell was getting for the mules—so it was alleged—and that he could not pay me \$119 for them. Haskell asked me how many head of stock I had. I told him, and told him that before I got the stock the understanding was that I was to have so much for them. Palmer and Haskell then told me that in order to get me out of the difficulty, and as there had been a misunderstanding, they would extend the contract several days; that I might go on buying mules, and that they would give me \$119 a head for what stock I had of my own, and for what I bought \$108 a head.

“Question. About what time was this?

“Answer. It must have been in the early part of September. They did give me \$119 a head for ten head that belonged to me, and for that I had taken of my neighbors they gave me \$108 a head. I bought what stock my neighbors had, which they thought it would not be safe to keep.”

Thus it will be seen that instead of the government taking the mules directly from Morse, Woods, who was on the staff of General Frémont, turned him over to Palmer for Haskell, and it was agreed that he should have \$119 a head for the mules. But then a misunderstanding seems to have arisen, and it was objected by Haskell to paying \$119 for them; and to get out of the difficulty, Palmer and Haskell agreed to take what mules Morse had of his own, at \$119 a head, but would only allow him \$108 a head for the mules which he had belonging to other persons. Only ten head belonged to Morse, and he states in another part of his testimony that sixty head, which were sold to Palmer and Haskell for \$108 a head, belonged to other parties.

As a further illustration of the manner in which this business was transacted, your committee quote the following testimony of the same witness, (see page 709:)

“Question. I understand you to say that McKinstry refused to take the mules directly at \$108 a head?

Answer. He refused to take them at all at any price, but turned me over to other parties.

Question. And you were compelled to sell them at \$108 a head, and take your pay in depreciated currency?

Answer. Yes, sir. McKinstry first refused absolutely, and when I

got the note from Mr. Blair, he turned me over to General Frémont, and Woods referred me back to McKinstry. *There is a set of favored contractors here in the city, and a man from the country has no chance when those men are in the market.* Those men, Singleton and Thomas January, came to buy my mules. I told them they could have the mules for \$108 a head in money. They asked me what money. I told them that when I spoke of money I meant money. *They laughed at me and rode off."*

And further on he says: "It has been a regular game to condemn a whole lot of mules, and then turn round, buy them at a reduced price, and turn them in to the government."

Mr. Leonidas Haskell, (one of the gang of California patriots, of whom there were six, consisting of said Haskell, A. A. Selover, E. L. Beard, Joseph Palmer, I. C. Woods, and H. C. Worth, and who hovered like sharks about the headquarters of the commanding general and of the quartermaster,) was one of the parties so highly favored with authority to purchase horses. He purchased a very large number, deriving from the transaction the usual enormous profits. He appears to have been on the most intimate terms at headquarters and at the quartermaster's office, and every facility was extended to him to enable him to get his horses inspected and have them received by the government. It appears that he had no contract, but merely an agreement from the government to receive such horses and mules as he should purchase and have inspected. Captain Turnley, in his testimony, (see page 794,) says:

"I know nothing of the agreement, except as it came out in their importunities to receive mules for him. Persons came daily to me to ask me to receive mules on Haskell's contract or agreement. *I think I have an order, in McKinstry's handwriting, directing me to receive Captain Haskell's mules."*

As an evidence of the consideration in which this Haskell was held at headquarters, it appears that he was appointed upon the staff of General Frémont as aid, with the rank of captain. When it was objected that, being in the military service of the United States, it was not admissible for him to have any interest in contracts, there was a pretended transfer of such interest to Worth, who, according to the testimony of Morse, (page 708,) was the clerk of Haskell. Your committee have no doubt that this transfer was a sham, and that Haskell had really the same interest in the matter after his appointment upon the staff as he had before.

It would be tedious, and, perhaps, unprofitable, to go further into this matter of the frauds connected with the purchase of horses and mules. The testimony of a great many witnesses was taken which has not been referred to. There is the testimony of Coffee, (page 555,) and of Irvine, (page 557.) There is also the testimony of John Allen, (page 573,) who furnished horses and mules to a contractor by the name of B. F. Fox, of Illinois, who was the brother of Mr. Fox, of the firm of Child, Pratt & Fox, of St. Louis. The vouchers which

Allen got were paid in Missouri money, at the quartermaster's office. Mr. Allen stated that he had long been a resident of Illinois, and was acquainted with a great many stock dealers, and could have furnished from 1,000 to 1,500 horses without difficulty, and would have been glad to have furnished them to the government at the same prices which he got from other parties, which was \$105 a head for cavalry horses and \$109 for mules. When asked why he did not deal directly with the government, he answered that the business was in the hands of such men that he could get no show, after trying every plan he could think of. He further says: "I finally came to the conclusion that there was no chance to do anything except through other men, after every effort upon my part to get a contract with the quartermaster's department."

Then there is the disingenuous testimony of John H. Bowen, the confederate of McKinstry and of Pease, to which your committee would refer, (page 575.) In the sale of Bowen's interest in the horse contract to Thomson, he was to have \$5,000. Reference has been before made to the fact that McKinstry, when Thomson went for his pay, required that this money should be deducted for Bowen, and it was so deducted and retained by McKinstry. It turns out, from this testimony of Bowen, that Pease, the brother-in-law of McKinstry, was to have one-half of this amount. The fact that Bowen paid Pease, the brother-in-law of McKinstry, \$2,500 as his portion of the profits upon this contract, may have something to do with the other fact, as stated in the testimony of Thomson, (page 637,) that the bid of Bowen for the contract was \$119 50, and that of Jones \$119. The contract was not awarded to Jones at \$119; but McKinstry divided the matter, and awarded the contract to both of them.

There is also the testimony of John D. Perry, (page 593,) which explains the difficulties he had in selling a lot of mules directly to the quartermaster. Mr. Perry was an old citizen of Missouri and St. Louis, and had received some mules from the centre of the State to sell, and he attempted to sell them directly to the quartermaster. He met with a great deal of delay, and many annoyances. On the evening of the third day that he had been at the quartermaster's department, McKinstry said to him: "Here is the man I wanted to see. I want you (speaking to the man) to take Perry's mules." This man was a Californian—"Haskell's man, Palmer." Perry told Palmer he could make no contract with him; and when he went out of McKinstry's office he met Haskell, and Haskell proposed to buy his mules for \$108 a head, while he was getting \$119 a head. Perry told Haskell he did not want to have any go-betweens, and did not wish to speculate off of the government. After much delay and trouble, he finally sold them directly to the quartermaster. He says, while waiting at the quartermaster's office, that the following gentlemen seemed to engage the attention of the quartermaster most of the time while he was there: Mr. De Graft, Mr. Palmer, Mr. Selover, Mr. Haskell, Mr. Brady, Mr. Elleard, and Mr. Fox. There is also the testimony of Ansel Phillips, (page 719,) the agent of the Keokuk Packet Company. He also was engaged in the horse business, and

upon the authority of Major McKinstry he purchased 196 head, but it was the understanding that he was to take in Bowen and Pease. And afterwards "McKinstry's young man, Jim Neil," to use the language of the witness, came in and claimed a one-fourth interest in the profits. Pease did nothing whatever in reference to the purchase of these horses, and put in only \$1,000. Bowen did not furnish a dollar. Subsequently, when Phillips went to settle with McKinstry, he objected to taking these men in as partners. McKinstry told him that that was the bargain. Phillips said that it was not right that he should divide, as he had done all the work and advanced all the money; but they insisted upon it, and he told them he would leave the matter to McKinstry. That he did, and McKinstry decided that he, Phillips, should pay them a part of the profits, including Jim Neil.

The testimony of Lippincott, (page 725,) and of Arnott, (page 832,) in regard to the purchase of horses, is also referred to, as well as the testimony of Farnham, (page 850.) The testimony of the latter further illustrates the corruptions in inspections by bribing inspectors.

Your committee will close this part of their report with a reference to the testimony of John D. Park, quartermaster of the Black Hawk Cavalry. About the first of September last four hundred and eleven horses, by the order of General Frémont, were sent from St. Louis to Warsaw, Illinois, the point where said regiment was rendezvousing. They were kept there and well taken care of until the 20th of October, when a board of survey was ordered to report on the condition of the horses. Major Park, in his testimony, says, (page 810:)

"They were kept according to the army regulations; were well taken care of, and received no injury whatever. Five of them died, and the remainder, three hundred and thirty, were pronounced as totally unfit for service. They had every disease known to horses. They were undersized, under and over aged, stifled, ringboned, blind, sprained, and incurably unfit for any public service. Such was the report of the board of survey. The report was made to me on Monday night, and I handed it over to General Prentiss."

The following is a copy of the report of the board of survey, certified to by Major Allen, (page 1096:)

" CAMP SULLIVAN,
" Warsaw, October 21, 1861.

"The undersigned, having been summoned as a board of survey to examine and inspect the condition of the horses forwarded to this regiment from St. Louis, and report the result to your headquarters, would respectfully report that we have examined said horses, and find seventy-six fit for service, five dead, and three hundred and thirty *undersized, under and over aged, stifled, ringboned, blind,*

spavined, and *incurably unfit for any public service*. Said horses are said to be the residue of the Missouri contract.

“Very respectfully,

“DAVID McKEE, *Major*.

“GEORGE ROCKWELL, *Captain*.

“JOHN SCHEE, *Lieutenant*.

“Colonel WILLIAM BISHOP.

“A true copy.

“ROBT. ALLEN, *Major and Quartermaster*.”

Nothing can show more clearly the incredible and stupendous frauds perpetrated in the purchase of horses in the western department. Thus, it will be perceived that out of the whole number of four hundred and eleven, five had died, and *three hundred and thirty* were rejected by the board for the reasons stated, and only SEVENTY-SIX were received as fit for service. And what is remarkable, it appears by the testimony of Major Park that he was charged for those horses the sum of one hundred and thirty dollars each, by a bill which was sent to him from the quartermaster's department at St. Louis. This was adding eleven dollars for each horse to the highest price paid for cavalry horses in St. Louis, which was one hundred and nineteen dollars. Where the difference went to has not been discovered. Major Park says, further, that the government, in that transaction, will not get out of it at a loss of less than *forty thousand dollars*, independent of the damage sustained in consequence of the detention in filling up the regiment.

FALSE VOUCHERS.

One of the most alarming frauds disclosed in the testimony taken by your committee at St. Louis, was the payment of money at the quartermaster's office upon vouchers totally or partially false. Alexander Kelsey furnished articles, through Joseph S. Pease, the brother-in-law of McKinstry, to the amount of many thousand dollars, which articles went to the government. Your committee had brought before them an original voucher, and as the matter is one of so much importance, they set it out in full. It is as follows, (page 920:)

The United States to Alexander Kelsey.

1861.

July 30.	28,000 pounds hay, at 70 cents per hundred	\$196 00
	514 $\frac{10}{35}$ —18,000 pounds oats, at 25 cents	128 55
	107 $\frac{8}{56}$ — 6,000 pounds corn, at 25 cents	26 80
	For Lieut. Shields's volunteers, Cape Girardeau.	
29.	3,000 bushels (105,000 pounds) oats, at 25 cents	750 00
	For Major Spicer's brigade, Missouri volunteers, Mexico, Missouri.	
Aug. 4.	5,000 bushels, 175,000 pounds, oats, at 26 cents.	1,300 00
	For Major Hatch, quartermaster, Cairo.	

2,401 35

I certify that the above account is correct and just, and that the articles have been accounted for on my property return for the quarter ending the 30th of September, 1861.

J. MCKINSTRY,

Assistant Quartermaster.

Received, St. Louis, Missouri, 31st of August, 1861, of Brevet Major J. McKinstry, assistant quartermaster United States army, twenty-four hundred and one dollars and thirty-five cents, in full of the above account.

ALEXANDER KELSEY.

It will be perceived that the above account is certified to by J. McKinstry, assistant quartermaster, as "correct and just," and that on the 31st of August, 1861, the said McKinstry paid the amount of the above bill to Pease, on his producing Kelsey's receipt. The first item in the account is for 28,000 pounds of hay, which Kelsey testifies he never sold to Pease, or to the United States. The same is true in relation to the second item; the same in relation to the third item; and the same in relation to the fourth item of 3,000 bushels, of oats, at 25 cents per bushel, charged to have been sold on the 29th of July, the amount charged being \$750. On the same day he sold to Pease 180 bags, 83 bags, and 36 bags of oats, amounting to 27,000 pounds, at 23 cents per bushel—total amount, \$106 05; but he sold no such amount as is charged in the voucher on that day. The next charge is 5,000 bushels of oats on the 4th of August, at 26 cents per bushel, amounting to \$1,300, which he did not sell; but on the 2d of August he sold Pease 163 bags of oats, equal to $319\frac{1}{3}$ bushels, at $24\frac{1}{2}$ cents per bushel.

Thus it will appear from the testimony of Mr. Kelsey himself, that the voucher above set out is false in every particular. It seems that this fraud was accomplished by Pease in this way, as explained by the witness himself:

"One Saturday I had been up to his office to get some money, and that evening he came to my office just as I was closing up for the night—it was just dark—and brought the voucher with him. He said he could not give me any money until he had got this voucher, for stuff which I had sold him, signed. It was so dark I could not look over the account to see whether or not it was correct. I did not see the amounts, but took it for granted that they were correct. I could just see indistinctly to write my name to the receipt, which I did.

Question. How much money did he pay you at that time?

Answer. I think he gave me \$1,000 the next Monday on account.

Question. Did you not know anything in regard to the items which composed the account?

Answer. I did not.

Question. What was your idea about the matter when you signed the receipt?

Answer. That it was a bill for articles sold, or a correct copy of a bill, and I did not consider it requisite to look it over. When you

showed it to me yesterday, it took me more by surprise than anything else; I did not consider it possible that I signed a receipt to such a voucher, but it turns out to be true.

Question. Did you receipt the bill on the day the receipt was dated?

Answer. I am satisfied I signed the receipt on Saturday evening, but whether it is dated correctly I cannot say. I could barely see the line to write my name upon it—at the dusk of the evening.

Question. By this bill it appears that you have receipted to the United States \$2,401 35 which does not belong to you?

Answer. Yes, sir; it would not belong to me if I had got it, but I have not."

See further testimony of Kelsey, (page 959.)

Kelsey thus having signed the receipt, Pease drew the amount of \$2,401 35, which really had no connexion with the articles which he had bought from Kelsey, though on a subsequent Monday morning he paid Kelsey \$1,000 on account. Your committee was satisfied that Kelsey was no party to the fraud, but was a victim of the imposition of Pease.

John B. Vallé (page 879) sold 10,000 gunny bags to the United States, through Pease, at 12 cents apiece. When the last payment was made, Pease requested that the bill should be made out to the United States for \$1,300, instead of \$1,200—the difference of \$100, being the commission which Pease claimed in the matter. Pease said, "I only make \$100 upon this matter, and I want you to give me a receipt for \$1,300, and one for \$1,200." Vallé and his partner hesitated about signing a false voucher, but finally Pease told them that if they did not do it he would not settle at all. The receipt for \$1,300 was signed and given to Pease, and he paid Vallé only \$1,200, and that in Missouri money, when he should have had gold. The difference between Missouri money and gold was from 10 to 15 per cent.

This is the transaction: Pease bought the bags for \$1,200, got them into his possession, and then refused to pay the \$1,200 until the parties should sign a receipt to the government for \$1,300, the difference between the two amounts being the sum which he himself was to pocket. The action of Pease was openly and palpably fraudulent; and there is no excuse upon the part of Vallé for signing this voucher, thus enabling Pease to defraud the government out of \$100.

CHILD, PRATT & FOX.

The dealings of the quartermaster's department at St. Louis, while in charge of Major McKinstry, with the firm of Child, Pratt & Fox were very extensive, amounting to more than \$800,000 since the present difficulties broke out. This business was not confined to the particular kind of business in which that firm was engaged, who were hardware merchants, but extended to every variety of article and thing which the department had occasion to buy. In addition to their legitimate trade, these hardware merchants were called upon

to furnish blankets, shoes, overcoats, caps, pants, saddles, bridles, picket-pins, flannel, infantry suits, portable forges, felt hats, camp kettles, shirts, knapsacks, drawers, hatchets, saddle blankets, &c., &c. Indeed, whatever the service called for, it also seemed to require should be furnished by this firm. Nor were those articles purchased under any contract or stipulated price, but procured on open orders, and paid for at the prices charged, without questioning. In but two or three instances, and those of the most insignificant character, have the bills as to quality or price, in this large trade, approaching a million of dollars, been subjected to the slightest inquiry. The perfectly unreserved manner in which the government was placed in the power of this firm is best described by its book-keeper, James P. Cohan, in answer to interrogatories put to him by the committee, page 860.

“Question. Were those goods furnished under a general contract, or was the firm of Child, Pratt & Fox employed as the agent of the government in making the purchases?

Answer. I can answer that question in this way only: that the orders came to our house from the quartermaster's department—from McKinstry—and we filled the orders.

Question. Did those requisitions simply mention the goods to be furnished?

Answer. They simply specified the articles, and we furnished them accordingly.

Question. Was any contract made between your house and the quartermaster as to the price at which those articles, or any of them, should be furnished?

Answer. None that I am aware of.

Question. If there was any agreement as to the price at which they should be furnished made before the articles were furnished, you would probably have had a knowledge of it?

Answer. I would have known it. I know of no such contract.

Question. From the time of commencing the delivery of these articles up to this time has there been any agreement between the firm of Child, Pratt & Fox and any government officer connected with the quartermaster's department, fixing the price of these various articles?

Answer. None that I am aware of.

Question. If there had been any such contract it would have come to your knowledge?

Answer. I would have known it.

Question. Then, so far as between the government and the firm of Child, Pratt & Fox, the prices of these various articles which that house has been delivering to the government have not been fixed upon by the mutual action of the government upon the one hand and that firm upon the other?

Answer. The prices have been fixed by the vouchers which we held, signed by Major McKinstry. He passed our bills and signed them.

Question. When a requisition was made upon you, and your house

furnished the articles, did you designate in your account rendered the prices at which you furnished them?

Answer. We did.

Question. And sent the bills to the quartermaster's office?

Answer. Yes, sir.

Question. Were they submitted to Major McKinstry himself?

Answer. They were sent to his office.

Question. Were they submitted to him, or were they subject to the inspection of some subordinate of that department?

Answer. They were examined by the chief clerk, or by the cashier,

Question. Who certified to their correctness?

Answer. The cashier and McKinstry signed them.

Question. How would the chief clerk or McKinstry know whether the prices which were charged were proper prices?

Answer. I cannot tell.

Question. Did you generally submit those accounts to the quartermaster's department yourself?

Answer. I usually sent them there.

Question. Was there ever any difference of opinion between your house and McKinstry, or his clerk, as to the price at which any of those articles should be furnished by you?

Answer. Not that I know of, with one exception. When I was in McKinstry's office, one night getting our accounts adjusted and put into the shape of vouchers, McKinstry cut down the price on a lot of pants from \$4 to \$3 65.

Question. When was that?

Answer. A month ago.

Question. How long was it before he left the quartermaster's department, or rather ceased to be assistant quartermaster in this city?

Answer. Probably ten or twelve days.

Question. Then up to that time, and with the exception of that single article, the prices as you had fixed them in the accounts you had rendered were universally accepted by Major McKinstry or his clerk?

Answer. Always.

Question. Had you any conversation with Major McKinstry or his clerk as to the cost of those articles?

Answer. Never.

Question. Was it understood that you were to buy those articles and receive the ordinary mercantile commission?

Answer. I do not know anything about that.

Question. In furnishing these articles to the government what was the understanding between McKinstry, or his clerk, or any person acting for him, and this firm, as to the basis upon which the price of the various articles furnished should be fixed?

Answer. I do not know as there was any understanding as to the price. I should say there was not.

Question. And the prices charged in your bills as rendered were

universally accepted and received, and certified to be correct, with the exception of the one instance to which you have referred?

Answer. Yes, sir, so far as I know, with perhaps the further exception of their deducting 15 cents each from the price of a lot of 100 caststeel spades.

Question. Do you remember any other articles on which they made a deduction?

Answer. I do not."

In many instances those articles thus ordered and paid for at any price this firm was pleased to fix upon them, were purchased by them of their fellow merchants in St. Louis, within a stones throw of the quartermaster's office, and turned immediately in to the government with an enormous profit added to the market price. Mechanics of the highest [character and responsibility in the city of St. Louis, found the quartermaster buying of this firm articles of their own manufacture, at a price fifty per cent., seventy-five, one hundred, and, in some instances, three hundred per cent. higher than they themselves had offered to furnish them for, upon advertisement by the quartermaster. Some of these mechanics never heard of their proposals after they were given to Major McKinstry; those of others were rejected without explanation. But they afterwards, in many instances, manufactured the same articles for Child, Pratt, & Fox, at the prices at which they had offered to sell them to the government, and that firm resold them to the quartermaster at the enormous advance before stated.

The committee quote from the testimony of business men of the highest character to show the shameful manner in which the public funds have been wasted in giving patronage to this firm. Giles F. Filley testifies, page 522:

"Question. Have you furnished stoves, or any other articles which have gone to the use of the government, through third parties?

Answer. Yes, sir. We have a contract now with third parties for camp-kettles and mess-pans—that is, we have orders for them.

Question. State everything connected with that matter.

Answer. About two months since, I should think, the house of Child, Pratt & Fox came to me for the purpose of getting camp-kettles and mess-pans, articles which are manufactured by us. Fox came to me and first said, "charge them directly to the government." He then said, "charge them to us." Afterwards he said, "I do not know, but you may as well charge them to the government." Finally he said, "as the government is ordering these things from us, charge them over to us." Of course we did so without knowing what they charged for them. We made them without charging much profit, supposing that they charged the government only what we charged them.

Question. State at what price you made them.

Answer. We made them by the pound, while they charged them to the government by the piece.

Question. How much did you charge them?

Answer. We charged about $13\frac{1}{2}$ cents per pound for the kettles, and $15\frac{1}{2}$ cents for the mess-pans. Those prices equal about $42\frac{1}{2}$ cents each for the camp-kettles, and $27\frac{1}{2}$ cents each for the mess-pans, on an average. I understand that this house charges the government 65 cents for the camp-kettles and 35 cents for the mess-pans. We subsequently sent a letter to the quartermaster's department, of which the following is a copy:

"ST. LOUIS, *September* 18, 1861.

"DEAR SIR: I learned this morning that you would shortly need a large number of camp-kettles and mess-pans. If they are to be the same size and weight as those now made for the army, which are of the best quality of charcoal sheet iron—No. 26 wire gauge—I will furnish them at the following prices, provided the order is given for, say, 2,000 camp-kettles and 5,000 mess-pans:

"Camp-kettles, at $42\frac{1}{2}$ cents each.

"Mess-pans, at $27\frac{1}{2}$ cents each.

"Respectfully yours,

"GILES F. FILLEY,
"By BELL.

"General J. McKINSTRY."

To that letter I received a reply, of which the following is a copy:

"OFFICE A. Q. M. GENERAL, WESTERN DEPARTMENT,
"St. Louis, *September* 18, 1861.

"SIR: In reply to your offer to furnish 'camp-kettles' and 'mess-pans,' this department is not in want of any at this time.

"Respectfully,

"J. McKINSTRY,
"A. Q. M. General.
"H. W. G. CLEMENTS,
"Chief Clerk.

"Mr. GILES F. FILLEY,
"St. Louis, *Missouri*."

"Answer. I understand they did not have a special contract, but they had an open order to furnish everything.

Question. Was that house engaged in the manufacture of those articles?

Answer. No, sir.

Question. Then what reason, if any, can you give why they should have been ordered to furnish them?

Answer. Well, sir, I suppose that McKinstry, the quartermaster, owed his appointment as much to Fox as to anybody.

Question. How many of those articles have you furnished to Child, Pratt & Fox?

Answer. In amount, to over \$4,000 worth.

Question. Upon those you have furnished, what is the difference in cost to the government between what you proposed to furnish

them for and what you understand they actually paid for them to Child, Pratt & Fox?

Answer. Taking into consideration the difference between the Missouri money which we received and treasury notes which the government pays, as well as the difference in price, and it would be over 50 per cent.—about 55 per cent.

Question. Do you know any reason, other than that you have already stated, why these articles should have been purchased of the house of Child, Pratt & Fox, instead of directly from the manufacturer, at the reduced price?

Answer. No, sir; except that Mr. Fox has been very intimate with the quartermaster.

Question. Has it or has it not been a net loss to the government of that difference in price?

Answer. Yes, sir.

Question. State whether you were prepared to do and could have done the work which you proposed, and at the prices you proposed.

Answer. We have actually done it for Messrs. Child, Pratt & Fox.

Question. Do you know of any other contract which this house has made with any other parties for other articles?

Answer. They have a similar arrangement with my brother, in reference to articles which he manufactures.

Question. What articles are they?

Answer. Tin plates and cups."

Thus it appears that Quartermaster McKinstry paid this firm, and that, too, as their bookkeeper states, without the slightest question, a price fifty-five per cent. higher than the written offer of Mr. Filley, then before him.

Thomas Hood testifies as follows, (page 746:)

"Question. Where do you reside?

Answer. In St. Louis.

Question. What is your business?

Answer. I am a blacksmith.

Question. Have you made any picket-pins for the government?

Answer. I have not.

Question. Did you propose to make any?

Answer. I did.

Question. At what price?

Answer. On the 19th of April I proposed to make 200 iron picket-pins at 25 cents each.

Question. To whom did you make that proposal?

Answer. To Major McKinstry. The following is a copy of the proposal:

"St. Louis, *Missouri*, April 9, 1861.

"I propose to furnish the following articles, as per requisition of the 6th of April, 1861:

"200 iron picket-pins, at 25 cents each.

"50 wagon hammers, at 35 cents each.

"50 king bolts, at 90 cents each.

"50 tongue bolts, at 40 cents each.

"Yours, very respectfully,

"THOMAS HOOD.

"Major McKINSTRY, *Brevet Major, A. Q. M.*"

Question. What was done with your proposition?

Answer. I sent it to Major McKinstry.

Question. Did you hear from it afterwards?

Answer. No, sir.

Question. Did you afterwards furnish any picket-pins for the government?

Answer. No, sir.

Question. Do you know of anybody that did?

Answer. Yes, sir.

Question. Whom?

Answer. Child, Pratt & Fox, of this city.

Question. Do you know of other parties making pins for the government under the contract of Child, Pratt & Fox?

Answer. Child, Pratt & Fox had the contract, and other parties made the pins for them.

Question. At what price did those parties make them for Child, Pratt & Fox?

Answer. I cannot testify from positive knowledge, but only from hearsay.

Question. Could you have made them for 25 cents each?

Answer. Yes, sir.

Question. Do you know what Child, Pratt & Fox got for those they furnished?

Answer. I do not.

Question. Who made them for Child, Pratt & Fox?

Answer. Pauley & Brother.

Question. Do you know how many they made?

Answer. One order they had was for 5,000; but I do not know whether or not they filled the order.

Question. Are they still making them?

Answer. They were up to two or three days since.

Question. Did you accompany your bid with a specimen?

Answer. I did.

Question. Have you seen those made by Pauley & Brother?

Answer. Yes, sir.

Question. How do they compare in quality with those you offered to McKinstry for 25 cents each?

Answer. I would rather other parties should answer that question.

Question. What is your own opinion upon it?

Answer. I think mine are worth 25 cents more than theirs.

Question. Were yours heavier and better made?

Answer. Mine were longer than the ones I saw there.

Question. Did you at any time put in any proposition to make any other articles?

“Answer. Yes, sir.”

From the testimony of Pascal P. Child, a clerk for the firm of Child, Pratt & Fox, page 838, a single question and answer are quoted.

“Question. What did you charge the government for picket-pins?

Answer. 75 cents each.”

Thus it appears that three times the written offer of Hood was, voluntarily and without question, paid to this firm for an inferior article. James Blackman testifies, page 806, to offers of shoes for the army, made by him to McKinstry, of which no notice was taken by him while he was buying the same shoes through this firm, as appears by the testimony, at a very large advance. This is his statement:

“Question. What is your business?

Answer. I am a dealer in boots and shoes.

Question. Have you made any offers to the government to supply the army with boots and shoes?

Answer. At the commencement of our difficulties, knowing that the government would want a large amount of shoes, I took some samples up to Major McKinstry, as persons in other departments of business were doing, and showed them to him and gave him the price. I went up there a short time since to get the samples, but while I found other shoes there I could not find mine; I thought if I could get them I would know, from the price marked upon them, exactly what I offered them for.

Question. When you made that proposal what kind of shoes did you take up as a sample?

Answer. I offered him what we call a lined and bound pegged welt shoe. It was a light shoe, such as we use for our trade here, and of which we sell a great many. It is not calculated for army purposes, but shoes being scarce, and we having some of those on hand, I made an offer of them, supposing that they would be obliged to take anything they could get that would answer the purpose. I believe I offered them at \$1 25 per pair. That was our regular price for the shoe. The other shoe I offered was an unlined shoe of a low cut.

Question. Were they fit for army purposes?

Answer. Hardly; it was a common country shoe, and would not compare with the shoes we are now furnishing. It was a shoe of but one sole and a welt, while the shoes we are now furnishing have two soles. I offered that shoe at \$1 30 per pair. I had another shoe which laced up in front, which had a welt and one sole, and that I offered at \$1 40.

Question. What was the result of your proposal?

Answer. Those samples I placed upon Major McKinstry's table, and told him I could furnish him any amount of them. We were prepared to furnish a large quantity, as we were dealing largely—probably doing as much in our line as any other firm in the State.

Question. What is the name of your house?

Answer. J. S. Comstock & Co. My partner is about the oldest shoe dealer in the city.

Question. Did you receive a contract or order to furnish any of these shoes?

Answer. Major McKinstry merely made the remark that he would examine them.

Question. Have you at any time since dealt directly with the government in furnishing shoes for the army?

Answer. I have sold to outside parties, who I presumed were furnishing shoes to the government.

Question. To whom?

Answer. To Child, Pratt & Fox, of this city. I suppose they were for the government. At any rate they ordered goods from me, and I filled the order.

Question. How many shoes do you think you have furnished them?

Answer. Really I do not know that I can say; somewhere between fifteen and twenty thousand pair.

Question. At what price?

Answer. I believe they paid me \$1 25, \$1 33 $\frac{1}{3}$, and \$1 41 per pair, according to the quality.

Question. What was the character of the shoes?

Answer. The \$1 25 shoe was about such a shoe as I showed McKinstry at that price.

Question. What were the others?

Answer. I think they were about the same as I offered to McKinstry.

Question. You sold to them, as far as prices and quality are concerned, at about the same rate that you offered to sell to the government?

Answer. Yes, sir."

The profits to Child, Pratt & Fox on this article are made to appear from their vouchers, which may be found in the testimony, and from which it is shown that for nearly all the shoes purchased of that firm McKinstry paid \$1 75, and for none less than \$1 50.

But it was not in price alone that the government was defrauded by this unnatural and unjustifiable connexion between this firm and the quartermaster's department. The following extract from the testimony of John J. Witsig, (page 591,) will show how the soldiers in the field, as well as the treasury, were made to suffer that this firm might realize a magnificent fortune in making merchandise of the public calamities. It also shows with what shameful solicitude McKinstry himself sought to conceal the source of a palpable and gross fraud upon the government, if he did not prostitute his official position directly to its consummation. In what striking contrast stands out the noble answer of Mr. Filley to his insolence!

"Question. Do you know of any persons having contracts with the government?

Answer. I know of some persons who have contracts, but I do not know the nature of their contracts. I had but one interview with

Major McKinstry, and that was about shoes which were furnished to Colonel Brand's regiment—the 6th Missouri.

Question. State the circumstances of that interview.

Answer. I happened to be at Pilot Knob one day, and seeing Colonel Brand's men so poorly clothed, I made some remark, and he said everything furnished him was so poor and mean that the men were always barefooted and naked. Among other things, I requested him to give me a pair of shoes. He did so, and I had them opened by a shoemaker here. I showed the shoes, after they were ripped open, to O. D. Filley. There was about three-eighths of an inch in thickness of wooden sole, covered over with a thin skin of leather on the outside. Filley then insisted that I should go and show them to Major McKinstry. I did not want to go to him by myself, and so Mr. Filley went along. We there found out that the shoes had been furnished by Child, Pratt & Fox, but I never could find out the price at which they were sold.

Question. What did McKinstry say?

Answer. At first he was highly surprised that a private citizen should presume to meddle with the matter, and make inquiries about things which belonged to other men. He asked O. D. Filley what business he had to meddle with the matter. Filley told him he was too old to fight for his country, but that he was yet young enough to watch the rascals who were cheating the men who were fighting for his country. I had the shoes under my arm, and Filley took them and opened the sole and showed them to Major McKinstry. McKinstry immediately asked me by what authority I got the shoes. I told him I got them from Colonel Blood, by order of Colonel Brand, down at Pilot Knob. He then took the shoes, and half an hour afterwards they could not be found in the establishment. We had gone down there to see who furnished the shoes, and O. D. Filley said: "Do not lose sight of the shoes, for I want them." But McKinstry managed, in some way, to get between me and the shoes, and we never got them back. I then told McKinstry that I also had a sample of blankets furnished to the same regiment by the quartermaster. We did not know then who furnished the quartermaster with them. In going round, we found that Child, Pratt & Fox had furnished the shoes. One lot was furnished on the 16th of August and another on the 24th. As soon as we ascertained that, O. D. Filley said to me: "Let us go down to Pratt's and see what the charge for them was, as the quartermaster would not tell us what Child, Pratt & Fox had charged." Before we started, Filley told me to get the shoes. I asked McKinstry where they were, and McKinstry said he did not know where they were, and nobody in the office had seen the shoes, except Filley, McKinstry, and myself. Filley said he was not to be outdone. McKinstry said, hunt for them, and that was all the satisfaction we got. Filley said he would go down to Pilot Knob the very same day, and get another lot of those shoes. He did so, but instead of one pair, the whole lot were sent back to this city a little ahead of him.

As I have already said, before I left McKinstry's office I told him I also had a sample of the blankets which had been furnished the same regiment. He asked me why in hell I did not bring that sample up. I told him it was a hot day and I was tired, and I thought I would make two trips of it and give him the blankets another time. He said he wanted the blanket immediately. I said: "You shall have it." I went down and sent the blanket up to Major McKinstry's office by a friend of mine. When the man came to McKinstry's door he found a guard there ordered to receive the blanket. But at the same time I had ordered the man to deliver the blanket to McKinstry himself. He therefore came back with it. I went up with the blanket myself and tried to get in, but I could not. The guard at the door insisted on getting the blanket, as he had orders to get the blanket, but not to let me in. So I have the blanket yet, and I will send it to your committee. I am not a judge of the article, but I heard so much complaint that I got a sample from Bland. The blanket weighs more than is required. The objection is to the material.

Question. Had you been at the quartermaster's office frequently before that?

Answer. No, sir; I had been there but once.

Question. Did you ever meet a guard at the door before?

Answer. No, sir.

Question. Have you been there since, on business?

Answer. I have. I have occasion to go there every day.

Question. Is a guard stationed at the door now?

Answer. I must confess that that was the only day that a guard was stationed at the door. The guard was a cavalry man, with his sword. He said that the blanket could come in, but that I could not; that the major was busy. I had my own impression, that they wanted to do with the blanket as they had done with the shoes.

Question. Do you know of whom the blankets were purchased?

Answer. As I could never see Major McKinstry afterwards I never could find out from him from whom the blankets were purchased. O. D. Filley and I immediately went down to Child, Pratt & Fox to find out what they had sold the blankets for. Fox took us up stairs and spoke to the bookkeeper. The bookkeeper said it would be a long and tedious job to find out at what price they sold them. I told him I would help him a little about dates, and told him one lot was furnished on the 16th of August, and another lot on the 24th, according to the quartermaster's books. He turned over the leaves of his book for half an hour, but could not find the dates. Then O. D. Filley asked me what time it was. We found that it was half past ten, and at half past eleven Filley had to go down to find out something further about the shoes, and Fox said he would let me know what I desired the next day. But he never had time to tell me at what price the blankets were sold.

Question. What made you go to Child, Pratt & Fox about the blankets?

Answer. They did not deny but that they had sold the blankets.

Question. Please state where you got the blanket which you have produced here to-day.

Answer. At Ironton, Missouri.

Question. State the circumstances under which you obtained it.

Answer. I was out at Ironton one day with Captain Smith and another gentleman ; it was a hot day, and I had my coat upon my arm. I met several soldiers with blankets over their shoulders. I asked them if they were sick. They raised their blankets and showing me their bare backs, said they had nothing else to cover themselves with.

Question. They had pantaloons ?

Answer. Yes, sir ; but the holes were so large there was no need of unbuttoning them. That is the fact. And then they said the blankets were mean at that. I took hold of one of the blankets and saw that they were very poor. The very next morning I told Colonel Blood, of the sixth Missouri regiment, that he ought not to receive those blankets. He then told me that he had to take them or nothing. Then, after I had made some other remarks, he said he wished I would take one of those blankets up to the quartermaster, as he had written to him, McKinstry, a great many times and could get no answer. He asked me if I would make it my business to show one of them to Major McKinstry, that he might see what they were. I told him I would do so. He then gave me an order upon Lieut. Colonel Blood for a blanket, and that blanket is the one which I produce here now. In my testimony before the committee yesterday I explained my efforts to get the blanket to Major McKinstry."

To secure to this firm this monopoly, by which immense private fortunes were taken from the public treasury, all provisions of law and army regulations, requiring advertisement for proposals, and the contracting with the lowest bidder to furnish these articles, were totally disregarded, and the most unblushing system of favoritism and exclusiveness established that ever disgraced the service. Mechanics, with the products of their industry, freely offered to the government at fair and barely remunerative prices, were driven from the doors of the quartermaster's office, and compelled to sacrifice their products to this firm, only to see them turned over at exorbitant prices to that official who had denied them the poor satisfaction of receiving at the hands of the government a fair equivalent for the articles they furnished. By this system, every branch of industry whose products were in any way necessary to the department of the west was made to pay tribute to the firm of Child, Pratt & Fox. The profits made by this firm out of the United States by enjoying this monopoly were enormous. Cohan, its bookkeeper, admitted in his testimony (see page 868) that it would reach thirty-five per cent., which, upon a trade of \$800,000, secures the princely fortune of \$280,000, a tax upon the treasury of the United States which nothing but the most controlling reasons of military necessity would ever justify. So far as the examinations of the committee threw any light upon this question of profits, they were led to believe that the sum was much larger than is here admitted. But this sum is enough to call for explanation from those to whom the funds of the government are intrusted.

When the public credit has been strained to its utmost tension, and the patriotism of the capitalist appealed to for means to meet the exigencies that press upon the government, the country has a right to know why this enormous amount has been diverted from legitimate expenditure into the pockets of private individuals. The committee have sought in vain for any satisfactory explanation. They regret to believe that none exists. It appeared that much of this expenditure, and that where the largest profits were paid, was upon articles which, without the slightest difficulty, the quartermaster could have obtained at first hand of the mechanics, manufacturers, and furnishers of St. Louis and its vicinity. This he persistently refused to do. This firm would buy of its neighbor across the street, and then sell at the most extravagant advance to the quartermaster the very articles which that official had refused to purchase of those who made or furnished them, and that not in solitary instances, or through inadvertence, but so constantly that it became the rule of the office, and with a knowledge that this firm was thereby plundering the government. So open and gross had this practice come to be that it is as difficult to reconcile it with honesty as it is with economy. It was notorious that the junior member of this firm, Mr. Fox, had visited Washington and personally taken an active part in securing the restoration of McKinstry to the quartermaster's department at St. Louis, from which he had before, for some reason, been removed, and that these enormous profits in trade by the firm of which he was a member with that department began to be realized after his active interference had been supposed to contribute to the reappointment of McKinstry as its head. He had, while his firm was enjoying this monopoly of trade with McKinstry, contributed \$200 towards the presentation of a service of plate to Mrs. McKinstry, which cost over \$3,000, and to which contractors were told, by those soliciting contributions, that if they did not contribute they "would have trouble in collecting their dues from the government." He also contributed \$300 towards the horses and carriage presented to Mrs. Frémont, had a brother-in-law in the quartermaster's office under McKinstry, and a brother a contractor to furnish horses for that department, in whose behalf he procured of McKinstry twenty-five dollars on each horse more than the original contract price. His influence at the office of McKinstry was most potential, and of that he made merchandise in a manner most gross and venal. His presence there was as constant as that of the employés themselves. The relation which was thus built up and nursed through him between the firm of which he was a member and the quartermaster's department under McKinstry became an offence to all honesty, a serious reproach and damage to the public service. Is the government without redress? The committee think not.

This profuse and reckless expenditure of the public money frequently exhausted the funds in that department, and seriously impaired the public credit. On the 22d of October, as appears by the testimony of McKinstry's cashier, Hahn, (page 774,) the department still owed Child, Pratt & Fox, according to their accounts as then rendered, the sum of \$390,000. It must be borne in mind that

this was for goods furnished not upon any contract price, but for just such prices as that firm chose to charge for them, and that without any previous agreement. Some of the orders themselves stipulated that "a fair mercantile profit" was to be allowed to the contractor, but still leaving him to determine what shall constitute such profit. The following is a copy of one among many of a similar import :

"HEADQUARTERS, QUARTERMASTER'S DEPARTMENT,
" *St. Louis, September 2, 1861.*

"Mr. E. W. Fox will furnish quartermaster's department thirty thousand army overcoats, to be made of the best army material, and conform to army regulations and requirements. The exact cost of material, manufacture, and transportation to be furnished to this department, upon which the quartermaster will allow a fair mercantile profit to the contractor, E. W. Fox.

"J. McKINSTRY,
" *Major and Quartermaster.*

"A true copy :

"H. W. G. CLEMENTS, *Chief Clerk.*"

Therefore no considerations of law or good faith require the government to pay this firm one dollar of that balance now due, beyond what shall constitute a fair and reasonable market price for the goods thus furnished by them. The intelligent and upright quartermaster now in charge of that department, who has been many years in that branch of the public service, Major Allen, testified that ten per cent. beyond the first cost would be an extravagant profit to be allowed this firm upon its trade with that department. If this amount be deducted from the thirty-five per cent. which the firm admits to have been its profits charged, then there would still remain \$252,000 of unreasonable and extravagant charges of profits by this firm, which no principles of law, equity, or good faith require the government to pay. Let that much at least be saved.

DIVERSION OF MONEYS FROM THE PAYMASTER'S DEPARTMENT, FOR WHICH THEY WERE APPROPRIATED.

Your committee, learning that a portion of the sums of money appropriated by Congress for the specific purpose of paying the troops had been diverted, by order of Major General Frémont, took the testimony on that subject of Colonel T. P. Andrews, the deputy paymaster general in the United States army, stationed at St. Louis. Colonel Andrews has been in the service for forty years, and has discharged every duty imposed upon him with unsurpassed fidelity. Your committee desire to call particular attention to the testimony of Colonel Andrews, exhibiting as it does a flagrant and wanton violation of law and exercise of power by the major general commanding the department. His order to Colonel Andrews, as the deputy paymaster general, to pay the requisition for funds disbursed at the recruiting office of Captain Schwartz's battery, being for advertisements, posters, stationery, runner's wages, rent, &c., was in defiance of law and

army regulations, and not justifiable on any possible ground of necessity. They were expenditures of that character which, if payable by the government at all, no paymaster of the army had any right to pay; but they were chargeable to another and distinct fund. No officer charged with the disbursement of funds of a particular department has any right whatever to divert those funds to any other channel; and if he do so, he does it in violation of law, and at his own peril.

After testifying in relation to the original presentation of the account of Captain Schwartz, Colonel Andrews continues :

“The account was not properly presented to our department.

Question. Was it within the provision of law that you should pay such an account as that?

Answer. It was not, nor in any regulation or authority I had from any source.

Question. You had neither in law, army regulations, or orders, authority to pay it?

Answer. No, sir.

Question. Relate what transpired in relation to that account.

Answer. I stated to the person who first presented it that I had no authority whatever to pay such an account, and that I should violate everything like propriety if I paid it. Two or three days afterwards the account was presented to me with a peremptory order from General Frémont to pay it. Supposing that he labored under some misapprehension, I told the person who presented it that I would go and see General Frémont upon the subject and explain the matter to him.

Question. Who was the person who presented it?

Answer. Captain Schwartz. As I was about leaving the room to go and see General Frémont, Captain Zagonyi, the captain of the body guard, and who had come in with the bearer of the account, said he had an order in his pocket from General Frémont to arrest me and place me in the custody of Colonel McNeill, who commanded the home guard and prison in the city, unless I paid the account immediately. I asked him to give me the order as my justification for yielding to force and for passing the account. He declined doing that, but said that I might take a copy. I commenced to make a copy; but he then said that as the order was not to be executed unless I refused to pay the account instantly, he could not let me copy it, but said I might take a memorandum or note of it. I told him that was the same thing, and I took a note of it in the following words:

“ Captain Charles Zagonyi called on me with Captain A. Schwartz and showed me General Frémont’s order of this date, ordering him, if I did not pay the within account to Captain Schwartz, to arrest me and place me in the custody of Colonel McNeill, commanding the home guard in this city, for confinement.”

Question. What did you do then?

Answer. I thereupon paid the account.

Question. Was Captain Zagonyi accompanied to your office by a file of soldiers on that occasion?

Answer. He was fully armed himself, and I understood that he had a file of six or eight soldiers near by to assist in executing the order.

Question. Did you yield to this force?

Answer. I did and obeyed the order.

Question. What did you do after having paid the account?

Answer. I reported the circumstances to the head of my department, Colonel Larned, at Washington, and asking to be relieved from the station."

Thus it appears that the deputy paymaster general of the United States, in the legal, faithful, and conscientious discharge of his official duty, having declined to pay a requisition on his department which was glaringly illegal, was ordered to be put under arrest and placed in custody of the commander of the home guard "*for confinement.*" It is perhaps to be regretted that Colonel Andrews yielded to this force and paid the illegal demand, instead of suffering himself to be arrested. But, in obeying the order, he was undoubtedly influenced by the highest and best motives.

But there is another and further transaction in this connexion which is of a character still more unjustifiable and alarming, and which, in the judgment of the committee, deserves the severest reprehension. It is explained as follows by Colonel Andrews:

"Question. What further transactions, if any, have you had?

Answer. Before that transaction I received a message from General Frémont to call on him. I was then out of funds, and he was exceedingly anxious to have a regiment paid that was about leaving the city. I did not think it at all important, or that the regiment had any pressing claim for payment. But he insisted upon it, and wished me to raise money in St. Louis. I told him I could not do it; that I had no credit, and scarcely any acquaintance with the moneyed men here. The result of the interview was that he requested me to send the assistant treasurer of the United States to him. I saw the treasurer, and sent him to General Frémont. The next morning his adjutant general asked me to step into his office. On doing so he handed me an order, which I did not read, but of which he told me the contents, which were that I was to go to the treasury and demand \$100,000 from the treasurer of the public funds which were there, which belonged to the Secretary of the Treasury, and if he did not yield to the demand, the same order would furnish me with a regiment of troops to go and take it. I handed the order back to the adjutant general, Captain Kelton, of the regular army, without reading it, and begged him not to insist on my taking it. I told him I would go and see the treasurer, or his cashier, and try to obtain a credit from him for one-half of a remittance on its way, as I believed, from Washington, of \$200,000 for me. I saw the cashier, and as he had received a notice, as well as myself, of the remittance, he credited me with \$100,000, and the order was, therefore, never executed. I would like to add that I told the adjutant general that I would not execute the

order if given to me, but would try to obtain the money if I could, on the strength of the notice which I and the treasurer had of the coming of the remittance."

The extraordinary character of this order will be more fully comprehended when it is understood that there was no pretence of any military or other necessity to justify such an outrage, and that General Frémont had no more right in that case to order the government money in the vaults of the sub-treasury, at St. Louis, to be seized, than the commander of the department at Washington would have to order a regiment of soldiers to break into the public chest in the treasury building, and take whatever sum of money that might there be found, under any pretence he might choose to assign.

Further attention is called to the testimony of Colonel Andrews, and particularly to that part of it containing copies of the orders for the illegal transfer of funds belonging to the pay department to other purposes; and also the order of General Frémont to pay "Brigadier General Asboth, United States volunteers," the full pay and emoluments of a regular brigadier general of the United States army, when it was understood that the said Asboth held no such appointment from the President of the United States.

The general order making the announcement of the staff of the major general commanding the department is to be found in the testimony of Colonel Andrews. Though in the army for nearly forty years, he was unable to fix the status of the "musical director," the "adlatus to the chief of staff," the "military registrator and expeditor," the "postal director," or "the police director," as designated in the said order.—(See testimony of Colonel T. P. Andrews, pages 612 and 613.)

SHIPMENT OF ICE FROM ST. LOUIS TO JEFFERSON CITY.

On the 3d of October, 1861, General Frémont made a requisition for *five hundred* tons of ice, to be sent from St. Louis to Jefferson City, which was promptly filled by Dr. Alexander, the medical purveyor at St. Louis. The cost of the ice was \$4,500, besides the cost of transportation. There appears to have been no fraud connected with the ordering of this ice, but the transaction shows the recklessness and extravagance which prevailed in the department, even in the smaller matters. Dr. Wells, the intelligent post surgeon at Jefferson City, was not consulted at all in relation to the necessity of ice being sent to that port. He testifies on the subject as follows:

Question. Was there any medical necessity for sending such a quantity of ice to Jefferson City?

Answer. Not the least. I had, as post surgeon, bought an ice-house with its contents; I do not know how much, but, from a rough estimate, enough, I supposed, to supply the hospital. I ordered the hospital steward to issue 50 pounds of ice a day from that ice-house—enough for hospital purposes.

Question. State your opinion as to there being any necessity for any more ice for the hospital.

Answer. I do not think there was any necessity for sending for any more ice. I do not think the sick required any more ice than we had on hand. I thought the supply of ice on hand would be sufficient, with proper economy, to answer all demands upon it.

* * * * *

Question. Was any consultation had with you, as post surgeon at Jefferson City, in relation to the necessity for this ice?

Answer. None whatever.

Question. Was it not proper that you should be consulted about it?

Answer. I should think so.

Question. If application had been made to you, what would have been your advice?

Answer. I should have advised not to send it.

Question. What is going to become of that ice?

Answer. I presume it will melt. That which cannot be got into the ice-houses must melt very soon.

Question. And be a total loss to the government?

Answer. Of course. I cannot say positively that the ice was intended for Jefferson City.

Question. Would it be practicable to carry that ice along with the army?

Answer. It would require a vast number of teams to take along 500 tons.

Question. Have you had any directions, or heard of any directions being given, to send that ice out after the army?

Answer. No, sir.

UNAUTHORIZED REMOVAL OF TROOPS.

During the sittings of the committee in St. Louis they learned that the 39th regiment of Illinois volunteers, better known perhaps as the "Yates Phalanx," had been ordered to be removed from Benton barracks, in St. Louis, to Williamsport, in the State of Maryland. This regiment had been mustered into the service at Chicago, and was ordered *west* from Chicago, to join General Frémont at St. Louis, at an expense of from six to seven thousand dollars. As connected with the contract for the transportation of the regiment, your committee deemed it a duty to make some inquiry in relation to its transfer from St. Louis to the *east*, when at the same time it was understood that other regiments were going from east to *west*. It appears from the testimony of Captain McKeever, the assistant adjutant general on the staff of General Frémont, that on or about the 25th of October, Ward H. Lamon, esq., arrived in St. Louis. Captain McKeever understood that he was the same gentleman who held the office of United States marshal for the District of Columbia, (see McKeever's testimony, page 1051.) About the same time, Captain McKeever received a note from Colonel Eaton, military secretary of General Frémont, stating that the gene-

ral wished him (McKeever) to order the 39th Illinois regiment to proceed to Virginia, to join "General Lamon's brigade." Mr. Lamon (who then had on the uniform of a brigadier general) told Captain McKeever that he had four regiments in his brigade, and that he was to receive a commission of brigadier general; that his mission to St. Louis was to get an order from General Frémont for the removal of this regiment, which McKeever understood him to say had been promised some time before by the President. The following is a copy of the order:

"Special Orders, } HEADQUARTERS WESTERN DEPARTMENT,
 "No. } St. Louis, Mo., October 26, 1861.

"The 39th Illinois volunteers, *Colonel Light*, is relieved from duty in this department, to serve in *General Lamon's* brigade in Western Virginia. The regiment will proceed to Williamsport, Maryland, taking three days' cooked rations.

* * * * *

"By order of Major General FRÉMONT.

"CHAUNCEY MCKEEVER,
 "Assistant Adjutant General.

"Official: Adjutant General's Office, December 5, 1861.

"GEO. D. RUGGLES,
 "Assistant Adjutant General."

The cost of the transportation of this regiment from St. Louis to Williamsport, Captain McKeever said, would be somewhere about *thirty thousand dollars*, and that he knew no object to be accomplished by the transfer except to give "General Lamon" an additional regiment to fill up his brigade. In answer to the inquiries of the committee, the Secretary of War states that there is no law authorizing any commander of a department to send troops to other departments without special orders from the Secretary of War or the commander-in-chief, and that, consequently, the removal of the thirty-ninth Illinois regiment was made without proper authority. The Secretary also states that his "department is not informed of the military or other reasons that existed for the transfer of the said regiment as aforesaid."—(See letters of the Secretary of War, Appendix "I.")

Edward H. Castle, who, at this time, had charge of the railroad transportation in the western department, states that on Saturday evening, the 26th of October, Mr. Lamon was introduced to him as a brigadier general from Washington, and that he was "wearing the dress of such a military officer." His object was to have Castle send him the next day (Sunday) by special express train from St. Louis to Springfield, Illinois, at the expense of the government. Castle was, apparently, very much flattered in being introduced to so high a dignitary as a brigadier general, all the way from Washington to St. Louis. He ordered an engine and car for the express purpose of not

only taking Mr. Lamont to Springfield, but several of his friends. In going from St. Louis west to see General Frémont, Castle provided that Mr. Lamont should not only go free of expense, but he directed his express messenger to "show him attention and contribute to his comfort." It turns out, from the letter of the Secretary of War, that this gentleman, who proclaimed himself a brigadier general, and who was wearing the insignia belonging to that distinguished rank, had no such appointment. All such pretences were unfounded, and, as your committee understand, was also the pretence that the President had told him that he might take this regiment. He seems to have made use of his official position as marshal for the District of Columbia, and his assumed position as a brigadier general, to secure his object of removing the regiment, and in travelling in special trains at public expense. Your committee believe, with Captain McKeever, that the removal of the regiment had no other object except the gratification of Mr. Lamont. But at such a time as this, when every dollar in the treasury is needed to crush out the rebellion, they submit that the sum of thirty thousand dollars is too large a sum to be expended for the purpose of flattering the vanity of any single individual. The removal of the regiment was not only without authority of law, but was inexpedient and without justification. Thirty thousand dollars of the public money has been worse than squandered in this transaction, which should receive unqualified condemnation. Mr. Lamont had no authority whatever to travel in special trains at the public expense, and he should be called upon to refund the amount paid for the special train which took him and his friends from St. Louis to Springfield. If he shall not do so, the proper accounting officers of the treasury should ascertain what that amount is, and deduct the same from his salary as marshal of the District of Columbia.

It may be stated in this connexion that it is believed by your committee that there have been great abuses, in the military service, in the system of granting railroad passes, and that the government has been put to unjustifiable expense in transporting people who had no claim upon it whatever. It is an abuse which should be speedily corrected.

ROTTEN AND CONDEMNED BLANKETS.

Edward M. Davis is an assistant quartermaster United States army, and was a member of the staff of General Frémont. The son of this assistant quartermaster, Henry C. Davis, a young man of twenty-two years of age, and a clerk in a store in Philadelphia, sent samples of some blankets to St. Louis, in consequence of which General Frémont himself gave an order to Quartermaster Davis for some twelve or fourteen thousand dollars' worth of them. On their arrival at St. Louis word was sent to Captain Davis that the blankets were rotten. A board of survey was appointed, consisting of three regular army officers, to-wit: Captain Hendershott, Captain Haines, and Captain Turnley, and the following is a copy of the report of the board of survey:

“ST. LOUIS, Mo., *September 5, 1861.*

“The board met pursuant to the above order, present all the members, and examined the blankets presented by the chief quartermaster of the department as received from Henry C. Davis. The bills of the blankets were also presented.

“The board examined three different kinds of blankets from the bales presented for their inspection, and found them *all* rotten, and one kind made partially of cotton; and the board is of the opinion that the blankets are all entirely unfit for issue to troops, and should not be received by the United States at the prices indicated by the bills, or, indeed, at any price, as they are considered valueless for service.”

After this report was made, Captain Davis made such representations to General Frémont, in regard to the action of the board, that a resurvey was ordered by the general. The same board reassembled, and Captain Hendershott and Captain Haines reported that they reaffirmed their former report, and that, in “the opinion of the board, the blankets are all unfit for issue to the troops, being all of a quality inferior in strength, warmth, and durability to the blankets usually issued to soldiers.”

One of the board, Captain Turnley, the assistant quartermaster United States army, who impressed your committee as being a faithful, vigilant, and competent public officer, modified his former report, and put his reasons on record, as follows:

“I do not entirely agree with the preceding views expressed. The blankets are thin, light, and inferior to the usual army blanket; are made (*not* of all wool) but half wool and half cotton. One blanket will not answer the soldier, but *two* at least should be supplied, and even then should be *lined* with cloth. These blankets, however, range from \$1 45 down to \$1 18 per blanket, while the usual army blanket is from \$3 75 to \$4 each. I consider these blankets *cheap*, and also as good an article as can be *had at the price*. The *troops need* the supplies. Have not time to *get the best*. I recommend the blankets be issued at the rate of *one pair* to each man, of the higher price and heaviest, and *three* blankets to the man of the lighter one.”

The suggestions offered by Captain Turnley met the approbation of the general commanding, and the blankets were taken and paid for.

But the testimony discloses that an extraordinary and most disgraceful fraud was practiced in this connexion. In presenting his dissenting views, Captain Turnley laid great stress upon the fact that the blankets were cheap, ranging from \$1 45 down to \$1 18 per blanket. When the board convened for a resurvey, the bills of purchase were before it, which Captain Turnley says came by mail from Philadelphia, and he thinks were handed to him in General Frémont's office by Captain Davis. Instead of being the bills rendered to the United States by H. C. Davis, who sold the blankets, and which were paid for, they were the original bills rendered to the said H. C. Davis by the merchants of whom he purchased. The bill of Davis to the United States is set out in Capt. Turnley's testimony, (page 788,) where it will be seen the prices ranged from \$3 85 down to

\$2 37 a blanket. Here is what Captain Turnley says in his testimony in regard to this matter. The bill rendered by H. C. Davis to the United States was handed him by the committee, and he was asked the following

“Question. Is that the bill which you had before you upon your second examination, and upon which you based your report?

Answer. That is not the bill I saw.

Question. By whom was the bill which you saw upon that occasion given to you?

Answer. It came by mail from Philadelphia, and I think it was handed to me in General Frémont's office.

Question. By whom?

Answer. By Captain Davis. I know it was handed to me by some one in the office as my criterion to go by.

Question. I see that the first charge in this bill which has been submitted to you is “200 brown gray blankets, at \$3 25.” That is so much per blanket, and not so much per pair. Can you explain that?

Answer. The bill rendered to me was not in that shape. In the original bill it was so much *per pair*.

Question. If this bill had accompanied the invoice of blankets, would those blankets have passed your inspection, and would you have made the recommendation you did in regard to them?

Answer. No, sir.

Question. Was there another and different bill from this before you at that time; and if so, in what did it differ?

Answer. The bills submitted to us were composed of five or six bill-heads of the houses from whence the blankets came. Those I examined, and I found the blankets very cheap, and on that account principally I dissented from the opinion of a majority of the board.

Question. Were you made aware of the fact that H. C. Davis, who was selling these blankets to the government, was a son of Captain E. M. Davis, of General Frémont's staff?

Answer. No, sir. I saw that the names were the same, but it did not suggest itself to me to make any inquiries. I had not satisfactorily ascertained that Captain Davis was an officer of the army, and I supposed that if he was he knew he could have nothing to do with the matter one way or the other. * * * * *

Question. I desire to call your attention once more to the matter of the blankets. In the original paper which you have submitted to the committee as the proceedings of the second board of inspection, I find interlined, in blue pencil mark, over the word “blanket,” in the sentence “range from \$1 45 down to \$1 18 per blanket” in your recommendation the figures \$3 54. Can you explain that interlineation?

Answer. The interlineation, in blue pencil mark, of the figures \$3 54, I know nothing about, and they were inserted by some person unknown to me.

Question. Your understanding, then, was that these blankets were

to be put in to the government at prices ranging from \$1 45 down to \$1 18 each?

Answer. Yes, sir; and that was the reason why I considered them very cheap.

Question. And the lowness of the price was the only reason why you recommended that they should be accepted and distributed?

Answer. Yes, sir.

Question. Please again look at the voucher for these blankets, as settled for by the government with H. C. Davis, and certified to as a true copy by Captain E. M. Davis, and state whether the bills presented to you at the time the board reassembled were in accordance with that voucher, or whether the bills presented to you were for a higher or lower price?

Answer. The copy of voucher for blankets of H. C. Davis, of August 14 and August 16, does not contain the prices of the blankets examined by me, and referred to in the proceedings of the board of survey which I have presented.

Question. In what respect do they differ?

Answer. This voucher contains higher prices for the blankets. The prices in this voucher are much higher than the prices contained in the bills presented to me upon the board of survey.

Question. After the first meeting of the board of survey upon these blankets, and its report, did you call upon anybody and request the privilege of re-examining those blankets, or were you applied to for that purpose?

Answer. I was applied to for that purpose, and expressed a willingness to do so. After being told that we examined wrappers instead of blankets, I was anxious to examine the blankets again.

Question. But you made no application in the beginning for the privilege.

Answer. None whatever, that I recollect.

Question. Was it true that the examination of the board in the first instance was confined to the wrappers merely?

Answer. It was not; it is true that in the first examination they did not go into the centre of the bales generally, blankets near the outside being easier to pull out. *I must say I am surprised at the bill of blankets which you present me."*

Thus it appears that when the trouble arose in regard to the blankets, and Captain Davis, taking advantage of his official position, had obtained a resurvey, the grossest deception and fraud was practiced, in placing before the board different bills from the bill rendered to the United States. For instance, the government paid H. C. Davis \$3 85 for a blanket, for which he undoubtedly paid no more than \$1 45, and yet the board was made to believe that it only cost the government this last named sum of \$1 45. That would leave a profit of \$2 40 on a blanket costing the sum of \$1 45. There is no doubt on the minds of your committee that Edward M. Davis, an assistant quartermaster of the United States army, while acting in his capacity as such quartermaster, and bound by every consideration of

honor and public duty to protect the interests of the government, which he was paid for serving, and the protection of which he was enjoying, was a party to this fraud. He obtained the order from the general commanding to buy blankets, and he sent the order to his son, because he thought his son "could make a profit, as well as anybody else, in the matter." He must have known the prices his son paid for them, for he put into Captain Turnley's hands the bills showing the amount his son paid to the parties of whom he bought; and he must have known the quality, for he bought by sample. He knew the price which was paid for the blankets by the government, as he paid the amount himself, and certified it as "correct and just."—(Page 788.) He must have known, also, that blankets only costing from \$1 45 down to \$1 18 were unfit for the troops to use, and that they must necessarily be deficient in strength, warmth, and durability.

Your committee believe that an officer of the army thus connected with a fraud upon his own department is unworthy of the position he holds, and that when the facts become known he will be relieved from the service.

THE ROOFING OF BENTON BARRACKS.

Mr. J. B. Cristy, a practical roofer, and a responsible man, made a proposition for roofing the buildings then about to be erected for barracks near the fair grounds in St. Louis. He put in his proposition to do the work in one of four ways. No notice whatever was taken of it, and the job was given to another party—a man by the name of Almon Thomson, who figures extensively in the horse contracts. The price he obtained was \$3 50 a square of 100 feet, and for precisely the same kind of roofing that Cristy had agreed to put on for \$2 50 a square of 100 feet, in his proposition, of which no notice was taken. The pretences that Cristy could not do the work, or give the security for the performance of the contract, were unfounded. It is apparent from the testimony that there were other reasons, and that at least *one man* connected with the quartermaster's department was using his position to defraud the government. This man was —— Ogden, the architect, who was proposing to sell out the contract to the man who would pay him the most; and in the proposed arrangement the amount that Ogden would get would come directly out of the government. It is in evidence that Ogden made two agreements to sell the giving out of the contract—the first to Henry Clapp, for his draft on McKinstry for \$700, drawn in favor of a stool-pigeon by the name of P. L. Beirce, and the second to William S. King, for the larger sum of \$1,450, by the same kind of draft. In King's case Ogden himself drew the form of a draft for King to sign. King, in his testimony, states that Ogden came to his house to see him, on the evening of the 14th day of August. He continues, (pages 650 and 651 :)

"The understanding was then that I should have the job at \$3 25 a

square. I was going to do it at \$3, but Ogden suggested that I should add 25 cents. I gave Ogden some blank paper, and he wrote on it:

“AUGUST 20, 1861.

“SIR: Please pay the bearer, P. L. Beirce, the sum of fourteen hundred and fifty dollars, and stop the same on my contract. Said money has been used in the purchase of materials.

“Major J. McKINSTRY, *Assistant Quartermaster.*”

That was written for me to sign. It is dated the 20th of August, a day subsequent to the time when the contract would be let, although it was written on the 14th of August, a time previous to the letting of the contract. That is a copy of the instrument drawn up by Ogden himself, in my presence. I copied it on another piece of paper, and signed it. I said, “Suppose I do not get the contract, or suppose I die, that instrument will be out against me.” He said, in that case, it would not amount to anything. He said, “If you do not get the job, of course the paper will never be paid.” So it remained in that way. I did not intend to say anything about this. The fact is, I was afraid to open my mouth.

Question. Did Ogden ask you to say nothing about it?

Answer. He did.

Question. When?

Answer. He asked me to come up to his office one day.

Question. When?

Answer. The day Clapp was arrested.

Question. What did he say to you about this matter?

Answer. He asked me not to say anything about our transactions. I told him I was the last man that would do it. But here, being under oath, I am compelled to state the transaction.”

Clapp in his testimony (page 731) gives his account of his arrangement with Ogden. He went to Ogden's office on one Sunday, and found the man Beirce there. He says:

“Ogden spoke to me one side, and said, “The work would be let tomorrow, Monday, and I want a draft from you.” We figured up the work, and ascertained that it would amount to about 3,000 squares. We talked about 25 cents a square going to him. We had talked about \$3 75 a square. I told Ogden that I could afford to do it for \$3 25 a square; and I proposed to him that if I could get that, he might fix it as he chose. He said, “Fix the bid at \$3 50, and give me a draft for \$700.” I said I could not give him a draft. He said he could manage that. He handed to me a form, and requested me to look it over. It was substantially this: “Major McKinstry: Please pay to the bearer, P. L. Beirce, the sum of \$700, against contract for materials furnished.” I told him, of course, that if I did not get the contract the paper would be of no force against me. I then signed it. I copied the form which he handed to me, and signed it, and handed it over to one of them, but I do not know whether Ogden or Beirce got it. They were both present.

Question. He wanted you to fix it in that shape so that he could secure the \$700 if you got the job?

Answer. Yes, sir. He did not want to leave anything unsettled. He wanted to secure the money out of the funds which would come into my hands. I think I dated the draft on the 14th, which would be one day after the work would be let, provided it should be let on Monday, as he said it would be."

Reference is made in this connexion to the testimony of Charles H. Pond in relation to the conduct of the quartermaster on the occasion of the exposure of the bribes which Ogden proposed to take for giving out the contract for the roofing. Clapp was brought summarily before Major McKinstry, who questioned him in regard to the matter. He says in his testimony, (page 733:)

"The first question he asked me was if Ogden ever demanded of me one dollar or five hundred dollars for getting the contract for the roofing for me. I said as little as I could, and I told him no, that I did not demand it of him. He asked me if I ever executed a draft to Ogden for \$700. I said no, not to Ogden. He asked me if I executed a draft to anybody. I said yes, that I had executed a draft to a man by the name of Beirce. He asked me who I drew upon. I told him I drew upon him. Said he, "Did I owe you anything?" I told him he did not. He then turned to Pond and said, "Did Clapp represent to you that he had given a draft to Ogden for \$700?" Pond said that he understood me to say so. McKinstry then remarked, "You are an old man, and entitled to be believed; but this young man is a liar, and I will send him to work upon bread and water."

Refusing to hear any explanation from Clapp, McKinstry called a file of soldiers to take him off to work on bread and water, but finally drew up the following writing, which Clapp subscribed and swore to:

"ST. LOUIS, *August 23, 1861.*

"Having charged Mr. Ogden, the architect of the government, with fraud in the management of the business intrusted to him by the quartermaster, I hereby revoke said charge and relieve him from the same.

"I hereby swear and declare that I am a good loyal citizen of the United States, and will do all that is in my power to uphold and protect the same; that I will not, directly or indirectly, give aid or information to the enemy in any manner or form.

"HENRY CLAPP.

"Sworn to and subscribed in presence of—

"S. P. BRADY,

"S. B. LOWE."

Clapp further states that this paper was signed and sworn to under duress, and the circumstances leave no doubt of the fact. Yet he was not under duress when he corruptly agreed to pay Ogden seven hundred dollars for obtaining the contract for him. Both he and King were guilty of criminal acts in offering to buy the contract of Ogden,

but neither seemed to be aware of the real criminal character of the transaction. As to Ogden, he was an agent of the government and in its employment in an important capacity. But he grossly violated his trust and attempted to rob the government he had been employed to serve.

But neither King nor Clapp obtained the work. Neither did the honest mechanic Cristy, a practical roofer, get it, though he put in a bid at \$2 20 per square of 100 feet. Another man, Thomson, obtained it, as heretofore stated, at \$3 50 per square of 100 feet, from McKinstry, who took the matter in hand himself. The roofing, as put on by Thomson at the price stated, could, according to the testimony, have been put on for \$2 15 a square.

The consequence is that the government got a poor roof at a big price, the result of corrupt official action.

As illustrating the state of things existing in St. Louis at this time, particularly as connected with the quartermaster's department, joined with the office of provost marshal, your committee quote from the testimony of Charles H. Pond. He had heard of the transaction between Ogden and Clapp, and he told of it in the street, and said he "did not like that thing." Pond says:

"The thing passed off, and McKinstry, I am told, heard that I had told in the street that the quartermaster's department was swindling the government. I had told Bay this story, and Clapp had told several others. Major McKinstry summoned me before him forthwith. I appeared at his office the next day after I got the summons, between nine and ten o'clock in the morning.

Question. What kind of a summons was it?

Answer. A summons somewhat like this: "I order you to appear before Major McKinstry, the provost marshal, forthwith."

Question. By whom was it signed?

Answer. I cannot say now. I got up there, but had not the least idea what was to pay, and I began to grow scared, for I had been a Union man, and never broke any law in my life, I think. He took the summons and laid it on the table, saying he would attend to my case in a minute. He sat awhile and fingered over the papers a few minutes. "Now," says he, "I want to know what you have to say. *God damn you, I will put you on bread and water in the arsenal if you do not prove this thing.*" I got tremendously scared, seeing the soldiers all around there. Mr. John How stepped up and whispered to McKinstry. McKinstry then said, "I understand that you are a loyal man, but it is no credit to me to be a loyal man." He cursed and swore a great deal about my talking about this matter in the street. I had spoken, in fact, to only one man about the matter. Said he, "If you do not prove it, God damn you, I will put you in the arsenal upon bread and water."

Clapp was brought before McKinstry, as provost marshal, and in relation to that, Pond continues:

"When he got Clapp before him he cursed him up hill and down, and scared him so that he could not say a single word; a file of sol-

diers being all around him, he could not utter a word, I then asked Clapp if Mr. Ogden did not agree to give him \$700 if he would get the job of roofing for him, and whether he had not given Ogden a draft for that amount upon McKinstry. McKinstry said, "Stop, don't answer that question; I am lawyer enough to ask this man all the questions I want him to answer." Then he asked Clapp, as near as I can recollect the words, "Did you give Ogden any money, five hundred dollars, or one dollar?" Clapp said, "No." Then Clapp said he would like to explain. Says McKinstry, "You stop," and he stopped him right where he was. Says he, "Did you agree to give him five hundred dollars, or one dollar?" Clapp said, "No." "Then," said McKinstry, "I will confine you five days upon bread and water unless you recant that thing immediately," at the same time calling in the sergeant to take him right off. Said Clapp, "If you will give me an opportunity I will explain the thing," but McKinstry would not allow it. Clapp says that Ogden drew the form of a draft for him to sign, to pay O. L. Beirce, a friend of Ogden's, the sum of \$700.

Question. On whom was the draft drawn?

Answer. On McKinstry.

Question. Was the draft for \$700 or \$750?

Answer. It was to have been \$750, but Clapp had jewed Ogden down to \$700, as he told me. The soldiers were then brought in, and Clapp was forced to sign an oath of recantation, which oath was published in the papers about that time."

TRANSPORTATION, WAGONS, HARNESS, HORSES, MULES, ETC.

The honest and straightforward testimony of Captain James M. Bradshaw, a quartermaster of the United States army, in the volunteer service, and who Major Allen says is a "thoroughly honest man," gives an account of the frauds which are perpetrated, and the loose, irregular, and scandalous manner in which things that came under his observation were managed.—(See testimony, page 565.)

Captain Bradshaw seems to have had such troubles as a faithful public officer might have expected, standing between the government and a gang of rapacious contractors. His troubles with Worth and Palmer because he would not sign their vouchers to suit them, their displeasure because he would not allow them \$68 for sets of harness costing \$48, and made by an arrant secessionist at that, are all set forth in his testimony. In answer to a question what he knew of the connexion of Palmer and Haskell with purchases for the army, Captain Bradshaw makes the following answer, which illustrates the manner in which middle men, in so many instances, manage to get between the original party holding the articles which are wanted, and the government:

"Question. What knowledge have you of the connexion of Palmer & Haskell with purchases for the army?

Answer. Captain Turnley told me that he received an order from General Frémont, stating that there were 6,000 overcoats here which

the army needed very much, and that he should try to strain the credit of the government, and get the overcoats. Turnley went to a man who had money here, and told him what General Frémont wanted, and asked him if he would advance the money for them. He said he would do anything to accommodate Frémont or the government, and inquired how much money it would require. Turnley said he would see the man who had the overcoats. He did so, and found that the man wanted \$8 each. That would make the amount required \$48,000. Turnley perfected the arrangement for raising the money, and then went after the overcoats. He was informed then that the overcoats had been transferred to other parties for the government. Turnley went to see them, and they said they wanted \$10 60 apiece for the overcoats. Turnley then said he would have nothing to do with the overcoats. I understood that these parties were Palmer & Haskell.

Question. What other contracts had those parties for furnishing articles to the government?

Answer. I know of none, unless it was for forage. They furnished a large amount of hay and oats. There were some 36,000 bushels of oats taken to Jefferson City, *and they lie there now on the bank rotting.* My wagon master came back from there yesterday, and he told me so."

It was undoubtedly true, as Captain Bradshaw further stated in his testimony, "whenever the government needed anything these men were always on hand to get the government to buy of them, and when a man wanted to furnish anything they seemed to be there."

Your committee further quote from Captain Bradshaw's testimony:

"Sometimes orders would come to me for other property, and I would want it done according to the regular way of doing business, but could not get it done. General Frémont once sent me word that he had not time to do that, and that I must issue everything that men wanted immediately and without delay. I have done so, and have sent off hundreds and thousands of dollars' worth of property without any written orders. I sent off 100 wagons by General McKinstry's order. The whole burden of sending off property has fallen upon me, and I have no receipt for what I have sent away, though it was my duty to get receipts.

Question. When you asked that the army regulation should be complied with, you were ordered by superior authority to furnish the articles without receipts or anything else?

Answer. Yes, sir; and that I must not delay the matter. Property is frequently sent to certain points, and the quartermasters to whom they are sent send back word that the property does not come according to the invoice of the goods to them. At stations where the goods pass the regiments there take off whatever they want; if they want wagon bows, they would take them; if they wanted wagon tongues, they would take them; and so it happened that very few of the articles went entire if they could possibly be divided. So, much of the property never got to the place of destination. I sent ten wagons up the country to somebody, and General Seigel took them for his own use before he got there, and then another general took

the wagons from Siegel, and I got no receipt for them. I have no receipt for anything I sent up to Captain Nevill, quartermaster at Jefferson City, and he denies that he has received anything. I suppose I am in for some two or three hundred thousand dollars' worth of property. I know I have not appropriated it to myself, but it is scattered to the winds, and I do not know that I shall ever get my accounts straightened out."

A FIVE THOUSAND DOLLAR COMMISSION.

David Pratt states (see his testimony, page 941) that Governor Barstow, of Wisconsin, was in St. Louis "some time, making efforts to gain a colonelcy commission." Pratt seems to have been in that locality long enough to know the way in which things were going on, and he suggested to Barstow that Judge Edward P. Cowles, then tarrying in St. Louis, formerly judge in the State of New York, and resident of the city of New York, could obtain it for him. Whereupon Barstow told Pratt if Cowles would go up to the "Tycoon" and get that commission he would give him five thousand dollars. It would appear from the testimony of Pratt that the great dispenser of commissions, contracts, &c., at the headquarters, was known, in the mystical language of the hangers-on for contracts and commissions, as the "Tycoon." Pratt was the agent of a New York house dealing in cavalry equipments, and to ingratiate himself with Barstow for the purpose of turning an honest penny in peddling his wares in case Barstow was successful in getting his commission, was willing to become the go-between for Barstow and Cowles. Pratt drove the bargain with Cowles, who went with General Frémont to Jefferson City and obtained the commission. Barstow said he could afford to pay this amount of five thousand dollars, because he would make "twenty or thirty thousand dollars" profit in buying a thousand horses. But Pratt was a victim of "misplaced confidence." After engaging Cowles to procure the commission, in return for which he expected Barstow to buy his traps, it seems there was another man who had the inside track with Barstow, and that Pratt, to use his own language, "had been sold." He states in his testimony that he overheard a conversation "in low octaves" between Barstow and this other man, whose name was Coates, and who was to be the quartermaster of the regiment, which was to be raised in Wisconsin. The purport of the conversation was as to how much money could be made in fitting out the regiment. Pratt seems to have been very good-natured in regard to the matter, and appears to have been satisfied by writing Barstow a letter, stating that he had discovered he had been sold, and that the only object of the communication was to notify him of the fact that he had made the discovery.

The circumstances surrounding this phase of fraud and imposition on the government, as detailed by the testimony of Pratt, would seem almost ludicrous, were it not that there is disclosed the shameless attempt to plunder the government under the guise of patriotism, which in too many instances has been shown to be the "last refuge of scoundrels."

Instead of obtaining a commission with the single and patriotic

purpose of serving the country in this hour of peril and calamity, it would seem it was obtained in this instance for the express purpose of robbing the treasury through the purchase of horses for the regiment and the equipment of the troops. No language of condemnation can be too strong for such a transaction, and a sad day will it be for the nation when any portion of our armies shall be under the control of men who are ready to sacrifice the interests and honor of their country for the gratification of their selfish interests.

MANUFACTURE OF RAILROAD CARS.

Another source of improvident and unnecessary expenditure of public money in the western department was in the construction of railroad cars, by the government, at St. Louis.

One Edward H. Castle had been appointed by General Frémont general superintendent of transportation by railroad in the western department, and seems to have been authorized by General Frémont to provide for an increase of the cars for transporting troops on the Pacific railroad. It is determined to have one hundred cars built. In answer to the question, did you advertise for proposals for building the cars, Mr. Castle answers, no, sir.

Question. How soon were these cars to be finished?

Answer. I think within forty days.

Question. Did you make the contract?

Answer. No, sir; I do not think I did. Judge Corwine, of Cincinnati, drew the contract. He recommended a man whom he knew to be a man of responsibility, and able to furnish the means to carry out the contract.

Question. Did you receive any proposition for building them?

Answer. I did, from all the car-builders in the city.

Question. How did their bids range?

Answer. Mr. Mowry's proposition was fifty or a hundred dollars below that of anybody else.

Question. Are you certain of that?

Answer. I know it was much the lowest.

Question. You can swear that it was lower than the bid of John D. Shaffer?

Answer. It was lower than the bid of any other party which was made to me.

Question. What became of the propositions?

Answer. They were handed to General Frémont.

Question. Did you have anything to do with them?

Answer. I received the propositions. They called upon me to know the kind of cars which were wanted, and I went and showed them the kind of cars we desired, and upon that they based their propositions.

Question. Who finally determined to whom the contract should be given at the price at which it was given out?

Answer. I cannot say whether it was Judge Corwine, or General Frémont, or Colonel Woods. As Mowry's was the lowest bid, it was given to him.

Question. Was Mowry here at the time?

Answer. He was not here, but had written a letter to General Fré-

mont stating that he had the means and facilities for building cars, and he ordered Colonel Woods to write upon the back of it a reference of the matter to me to look into it, to see what kind of car I wanted, and to see Mowry.

Question. Did you see Mowry?

Answer. Judge Corwine telegraphed him to come here, and he did so. Corwine introduced him to me.

Question. Did Judge Corwine recommend him?

Answer. He recommended him as a good man, and as a man who had the means of carrying out the contract.

Question. What were the terms and conditions of that contract?

Answer. I never saw the contract after it was written, but I believe it provided that he should build the cars according to the model I showed him upon the Pacific road, for \$825 apiece. The Pacific road had paid \$800 for such cars, and those cars were to be got up in a hurry, and cost a little more. The platform cars, I think, were to be \$700.

John D. Shaffer, a car-builder, of St. Louis, testifies that Mr. Mowry had sub-let to him the building of the bodies of fifty of these cars at \$275 each. He states, further, that although Castle did not advertise for proposals, that he bid for the contract, and speaks as follows as to his own bid :

Question. Did you ever hear anything from your bid?

Answer. No, sir.

Question. Did you hear anything of the bid of Mowry?

Answer. No, sir ; I have heard that he gets considerable more than my bid was ; my bid was \$790 a car, complete, for such a car as the sample showed us ; they wanted me to make an estimate of what I would build such a class of cars for, and I made an offer to build them for \$790.

Question. Could you have given good security for the performance of the contract?

Answer. I could.

Question. Did you offer such security?

Answer. Yes, sir ; I have heard that Mowry gets \$825 for building a car inferior to what I proposed to build.

Question. Do you know the reason of that?

Answer. Captain Castle stated that my proposal was for cash, while Mowry built them to be paid for at the convenience of the government.

Question. What was the difference between your bid and that of Mowry?

Answer. \$35 a car ; but in the style of car which is being built the difference would be \$150 a car.

Question. And that additional amount was given, as you understood, on account of the difference in the mode of payment?

Answer. I suppose so.

Question. Was that the only reason you heard given?

Answer. Yes, sir.

Question. Castle knew that you had put in a proposition?

Answer. Yes, sir ; for I delivered it to him myself.

Again :

Question. What will Mowry make upon each car you are manufacturing for him ?

Answer. I suppose he can clear \$250 on each car.

But however objectionable the mode of letting the contract may be, the main ground of objection is to be found in the fact that the cars were not actually required. Castle himself, in answer to the question as to how many platform cars the Pacific road had, answers:

Answer. I do not recollect, but I am of opinion forty or fifty.

Question. Did you ever inquire of the president of that road as to the amount of rolling stock it had ?

Answer. I did ; and had an entire inventory taken of it.

Question. Do you state that there are not more than fifty of those platform cars ?

Answer. I judge there are not more than fifty.

Yet Shaffer, who was familiar with the rolling stock of the Pacific railroad, in answer to the question as to the number of cars on that road, says :

They have on that road about 125 cars, which they call house cars, for the transportation of merchandise ; they have 80 cattle or stock cars, 125 platform cars, and 34 passenger cars.

Question. Could these platform cars be converted readily and cheaply so that men could be transported in them ?

Answer. Yes, sir ; they are using them now every day, more or less, for that purpose. An expense of \$15 or \$20 upon each of them would make them comfortable for men.

And George R. Taylor, the president of the Pacific railroad, on being examined as to the necessity of constructing these cars, testifies as follows :

On the 31st of August I received an official note from Colonel Woods, in the name of the general commanding, requiring me to furnish information to his office forthwith of the condition of our road. In writing, I told Colonel Woods—and I delivered the letter in person—that the government then owed us sixty-two or eighty-two thousand dollars ; that we were impoverished, but that if the government would pledge me \$10,000 I would alter fifty platform cars so as to make them suitable for the transportation of men, and that by so doing we would increase the capacity of our road 3,000 men per trip ; that, in addition to that, I would put up two bridges over Gray's creek ; put up the two bridges west of Jefferson City by the 5th of September ; that I would get out of the machine shop of the company four disabled engines, and have them put in condition for use, and that I would have the Laramie bridge finished by the 5th of September. That letter I delivered to Colonel Woods myself, but we did not get any money, and the company was left to scramble along as best they could.

Question. Can you tell the committee of any person who can in-

form them whether any contract has been entered into by the agents of the government for the construction of any cars to run over that road?

Answer. I do not know anything about the matter myself, but I have a tenant upon Market street who is a car-builder, and who presented himself to me a few days ago, and wanted permission to use our sheds for the purpose of putting up cars after they were framed. This man, J. D. Shaefer, told me he had a sub-contract for the making of fifty cars. I told him I must consult with the executive committee of our road. I convened the committee, and laid the request before them in writing, and they authorized me to allow him to use our tracts under the sheds for the purpose of building fifty platform cars.

Question. What is the character of those cars?

Answer. This Shaefer was a bidder for building 100 cars; and he said he was the lowest bidder.

Question. Did you make any demand upon the government for additional cars and rolling stock?

Answer. No, sir.

Question. The parties who are having the cars built are building them entirely upon their own responsibility?

Answer. Yes, sir; I have never been consulted about increasing our rolling stock, except, as I have told you, in reference to altering 50 of our cars by putting a railing around them for \$10,000.

Question. Would those 50 cars have enabled you to have done all the business required on the road?

Answer. It would have increased the capacity of our road three thousand men per trip.

Question. And that, in all probability, would have satisfied all requisitions made upon you?

Answer. I think so. If we had had the money we would have made the change as a matter of profit.

Unimportant as this business seems to have been, General Frémont and Richard M. Corwine, his judge advocate, gave it special attention. Judge Corwine, in his answer to an inquiry, testifies:

Question. Has ever your legal opinion been asked in regard to contracts; and have you ever been requested to draw up any contracts in which the government was interested?

Answer. I have been called upon to draw up two contracts: one with the North Missouri railroad, and one with N. G. Mowry, of Cincinnati.

Question. What do you know in relation to that contract with Mowry?

Answer. Nothing, whatever, except what is expressed upon the face of it.

Question. Do you know Mowry?

Answer. I do.

Question. Where does he reside?

Answer. In Cincinnati.

Question. State all the circumstances connected with the drawing up of that contract.

Answer. General Frémont sent for me one day, and told me there was a contract to be drawn between the department and Mr. Mowry, in relation to the building of some railroad cars, and he gave me a memorandum of the substance of the contract.

Question. Was that memorandum given to you by General Frémont himself?

Answer. I think it was. He sent for me to my office. At all events I drew up the contract from that memorandum.

Question. Had you any conversation with Mowry in regard to it?

Answer. Not until he came to execute it.

The contract for the building of the cars is as follows: It will be seen that it is made by order of General Frémont, specially:

This agreement, made and entered into this 22d day of September, 1861, between Brigadier General J. McKinstry, acting assistant quartermaster general for western department, for and on behalf of the United States, of the first part, and Albert S. Mowry, of Cincinnati, Ohio, of the second part, witnesseth:

That the party of the second part, for and in consideration of the stipulations hereinafter mentioned, agrees to furnish the party of the first part fifty box cars and fifty platform cars, the box cars similar to those known on the Pacific railroad as accommodation freight cars, to be built and fully completed in the most substantial manner, and according to the plans and specifications to be furnished by Captain Castle, strictly to his acceptance, and whose opinions as to the workmanship is to be final between the parties. Said Mowry also agrees to deliver fifty of said cars in eighteen days, and fifty in thirty days, on the track of the Pacific railroad, free of expense to the party of the first part, and as many more as the party of the first part may require, in forty-five days from the date of this contract. And the party of the first part, for and in behalf of the United States, agrees to pay, or cause to be paid, to the party of the second part, at the quartermaster's office of the United States army, St. Louis, Missouri, at the rate of, as follows, viz:

Eight hundred and twenty-five dollars for box cars, and seven hundred dollars for platform cars, at the time of their delivery and acceptance by Captain Castle.

It is expressly agreed that no member of Congress shall have any share or part in or derive any benefit arising from this contract.

In witness whereof, we have hereunto set our hands and seals the day and year before written.

Signed in quadruplicate.

By order of Major General John C. Frémont.

J. MCKINSTRY, [SEAL.]
Brigadier General and Quartermaster.
ALBERT L. MOWRY, [SEAL.]

Witness—

R. F. WILLIAMS.

H. W. G. CLEMENTS.

The committee are clearly of the opinion that these cars were not required by any public interest; that the cars on the Pacific railroad were fully equal to the locomotives on the road, and, with the slight alterations suggested by the president of the road, fully equal to the demands of the army. In the judgment of the committee the expenditures of from \$80,000 to \$90,000 in building these cars, and the expense of building twenty-five street cars in St. Louis, as testified to by Mr. Shaffer, (see page 871,) was entirely uncalled for, and an inexcusable extravagance, because an unnecessary expense; and the \$250 of profit which Mr. Shaffer testifies resulted from the contract to Mr. Mowry, say \$25,000 of profit in the aggregate, and the fact that a lower bid is entirely overlooked, and the contract itself receives the special attention of the commanding general and the judge advocate, and still no security whatever is required on the part of Mowry for the fulfilment of the contract, are facts which cannot be overlooked. The committee are of opinion that the entire transaction is unjustifiable on the ground of any public necessity, and that it furnishes another instance of the necessity of capacity and integrity and that singleness of purpose in official position which considers only the national welfare in the conduct of public affairs.

The committee will submit the evidence (accompanied by a further report) taken at Cairo, Chicago, and Harrisburg, as soon as it can be written out by their stenographer.

C. H. VAN WYCK,
Chairman.

E. B. WASHBURNE.
W. S. HOLMAN.
R. E. FENTON.
H. L. DAWES.
W. G. STEELE.

The following resolutions were offered by Mr. Van Wyck :

Resolved, That the Secretary of the Treasury be requested to decline making any further payment to the parties interested in the steamboat "*Cataline*," on account of the charter of said vessel by the United States on the 25th day of April, 1861.

Resolved, That the Secretary of the Treasury be requested to adjust the claim against the government for the five thousand Hall carbines, purchased through Simon Stevens, esq., by General John C. Frémont, on the 6th day of August, 1861, and afterwards delivered at the United States arsenal at the city of St. Louis, on the basis of a sale of said arms to the government for \$12 50 each, rejecting all other demands against the government on account of the purchase of said arms.

Resolved, That the practice of employing irresponsible parties, having no official connexion with the government, in the performance of public duties which may be properly performed by regular officers of the government, and of purchasing by private contract supplies for the different departments, where open and fair competition might be properly invited by reasonable advertisement for proposals, is injurious to the public service and meets the unqualified disapprobation of this House.